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NEWS SUMMARY

GENERAL

UK to take in 10,000 refugees

Britain is to accept 10,000 more Vietnamese refugees. Foreign Secretary Lord Carrington told the Lords. They will come from Hong Kong.

A further £5m will be contributed from Britain's overseas aid programme towards refugee relief work in South-East Asia over the next year.

The new intake of refugees will come, over a period, from the 66,000 boat people in Hong Kong settlement camps.

Lord Carrington's announcement was generally welcomed in the Lords and Commons but Enoch Powell drew angry Tory and Labour protests when he attacked the plan. **Page 9**

U.S. withdraws Nicaragua envoy

The U.S. withdrew its ambassador from Nicaragua as a protest against the refusal of interim President Francisco Urcuyo to hand over power to a Left-wing junta. The junta flew to Leon to establish itself on Nicaraguan soil.

Groups of Sandinista supporters briefly occupied Nicaraguan embassies in Paris, Madrid and Rome. **Page 3**

NHS changes

Sweeping proposals for changes in the National Health Service, including a simplified administrative structure, a 15-year hospital building programme and abolition of health service charges, were suggested in a Royal Commission report. **Back and Page 8; Parliament Page 9; Editorial comment Page 22**

Liberal sit-in

Ten Liberal MPs who failed to win European seats carried out a symbolic sit-in at the European Parliament in Strasbourg. A noisier protest came from Ulster's successful Euro-MP Ian Paisley, who walked out during a speech by Ireland's Jack Lynch. **Page 2**

Snowdon baby

Lord Snowdon flew to Switzerland on a photographic assignment after announcing that his second wife, the former Mrs. Lucy Lindsay-Hogg, had given birth to a daughter at Westminster Hospital.

Indian shake-up

Yeshwantrao Chavan, Opposition leader, was given the task of forming a new Indian Government, after the resignation of Morarji Desai as Prime Minister.

Thynne verdict

Lord Valentine Thynne, third son of the Marquess of Bath, hanged himself with a bedspread while the balance of his mind was disturbed, a Salisbury inquest found.

Good opening

Battling a troublesome wind, Scotsman Bill Longmuir scored 65, six under par, on the first day of the British Open at Royal Lytham St. Annes. His round equalled the course record in an open championship. **Page 6**

Briefly . . .

New York taxi drivers, angered over modest fare increases, brought rush-hour traffic to a standstill. About 2,000 took part.

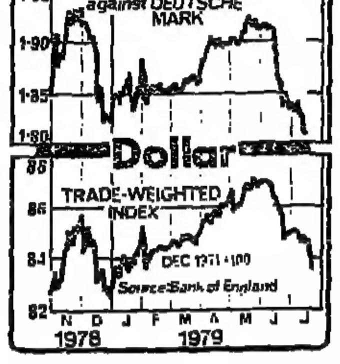
Shelter urged the Government to review its policy of selling council homes. The policy could cost £3bn over 40 years, it said.

Texas Democrat was ordered out of the U.S. House of Representatives for appearing without a jacket and tie after an energy-saving cut in the air conditioning.

BUSINESS

Dollar weakens; Gold at 301\frac{3}{8}$

● **DOLLAR** was weak in spite of widespread and large central bank intervention, notably by the Bundesbank and the Swiss National Bank. The currency



fell to DM 1.7990 before closing at DM 1.8070 (DM 1.8125), its trade-weighted index falling 0.3 points to 83.6 for a decline of 1.2 per cent so far this week.

● **GOLD** moved above $300 an ounce for the first time as the dollar's weakness affected the bullion market. The price closed $3½ up at $301⅜ after touching $304.

● **STERLING** rose 65 points to close at $2.2775, its trade-weighted index finishing unchanged at 72.1.

● **EQUITIES** traded less confidently, the F.T. 30-share index closing 6.0 down at 472.0.

● **GILTS** were [illegible] but early gains in both longs and shorts were eroded after the official close. The Government Securities Index closed 0.54 up at 73.57.

● **WALL STREET** was down 4.01 at 824.49 before the close.

● **£125M GOVERNMENT** support scheme for the manufacture and application of micro-electronics could be severely pruned following revision on the orders of the Prime Minister. **Back Page**

● **BRITISH SHIPBUILDERS** lost about £45m last year, keeping roughly in line with Government financial targets for the period. **Back Page**

● **MERIDAN MOTORCYCLE** co-operative has been given a few weeks to find ways of repaying £1.2m interest on State loans. This means the co-op is not forced to close immediately.

● **GUEST KEEN AND NETTLEFOLDS** is to spend about $80m (£35.2m) to set up a second automotive components facility in the U.S. **Back Page**

● **HOARE GOVETT**, the stockbrokers, says Britain would benefit substantially if the EEC could establish a Common Energy Policy. **Page 7**

● **VENESTA INTERNATIONAL** showed a total deficiency of £20.8m when it went into receivership in 1976. **Page 24**

COMPANIES

● **MFI** furniture centres reports a rise in pre-tax profits from £5.34m to a record £13.98m for the year to May 26. **Page 24**

● **BIRMID QUALCAST** reports taxable surplus down from £3.8m to £1.93m for the 26 weeks to April 28. **Page 26**

● **AUDIOTRONIC HOLDINGS** reports a pre-tax deficit of £733,000 for the year to March. **Page 24**

● **AMERICAN MOTORS** reports a rise in third-quarter profits from $6.1m (£2.7m) to $15.1m. **Page 28**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 13pc 1990	£104¾	+ 1¼
Ex. 12pc 20-13-17	£101¼	+ 1¼
Automated Secs.	154	+ 8
Birmingham Mint	175	+ 12
GUS A	376	+ 4
Kelsey Inds.	145	+ 6
Lndn. Scot. Finance	58	+ 6
Magnet & Southerns	198	+ 10
Morrison (Wm.)	153	+ 7
Pleasurama	154	+ 8
Rentokil	110	+ 4
Samuel Props.	128	+ 6
Startrite	175	+ 5
Stylo Shoes	159	+ 10
Union Discount	380	+ 10
Vita-Tex	72	+ 6
Yorkshire Chemicals	65	+ 5
Sogomana	300	+ 15
Cons. Murchison	200	+ 10
Hampton Areas	210	+ 7
Pacific Copper	68	+ 6

FALLS		
Abercom	97	− 7
BAT Inds.	266	− 9
Beecham	535	− 9
Crouch (D.)	172	− 8
Gestetner A	105	− 7
Hanson Trust	110	− 9
Highland Distlrs.	94	− 4
ICI	331	− 9
Imperial Group	91½	− 2½
Jacksons Brne. End	130	− 13
Lloyds Bank	335	− 15
Midland Bank	370	− 10
Sandeman	82	− 8
Unilever	496	− 25
BP	1210	− 40
Shell Transport	328	− 32
De Beers Defd	341	− 19
UC Investments	240	− 13
Union Corp.	334	− 12

Exchange controls eased further but framework remains

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH COMPANIES now have complete freedom of choice in financing of direct investment in overseas industrial and commercial operations.

UK residents will also be able to buy most shares and bonds of EEC countries at the normal exchange rate without paying an extra investment currency premium.

The changes, which are effective from today, were announced in a Commons written answer yesterday by Sir Geoffrey Howe, the Chancellor. They form the second stage of the Government's intended gradual dismantling of exchange controls.

The relaxations are in addition to changes announced in the Budget a month ago. Together the moves amount to a substantial removal of restrictions on outward capital flows, even though the formal structure of controls has been retained.

The strength of the pound and of external confidence since the Budget have resulted in an acceleration in the programme of relaxation. But the latest moves are not designed as a response to the recent sharp rise in the rate, nor are they expected significantly to affect the short-term demand for sterling.

The announcement of the changes had little noticeable effect on the pound yesterday and coupled with general profit-taking the news led to only a small decline in the rate.

Sterling closed 65 points up on the day at $2.2775, a four-year high, after touching $2.2955. The trade-weighted index, measuring the value of the pound against a basket of other currencies, closed unchanged at 72.1, after reaching 72.3 in the morning.

It is impossible to assess the

Continued on Back Page

THE MAIN CHANGES

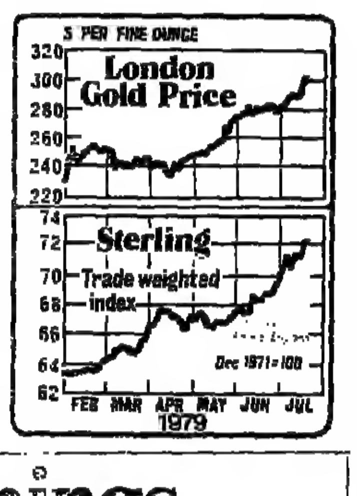
● **CURRENCY** will be available without limit at the official exchange rate for all outward direct investment, and foreign currency borrowing to finance such investment can be paid at the official rate.

● **UK RESIDENTS** can invest at the official exchange rate in most securities denominated and payable solely in the currencies of other EEC countries with the exception of unit and investment trusts.

● **SIMILAR** relaxation applies to foreign currency securities issued by international organisations of which the UK is a member, including EEC institutions and the World Bank.

● **SALE** proceeds of existing and new holdings of such securities can no longer be disposed of in the investment currency market.

● **FOREIGN** currency borrowing by UK residents to finance outward portfolio investment which has been outstanding for at least a year up to today will be repayable with official exchange.



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Rising pound worries exporters

BY ANDREW FISHER

LEADING BRITISH companies expressed concern yesterday at the continuing high level of sterling. They fear the consequent steady erosion of export profits, and growing competition from cheaper imports.

Shareholders in Courtaulds, the textile group which is among the top 10 UK industrial exporters, were told sterling was 25 per cent above "the level we would consider realistic."

Sir Arthur Knight, the chairman, said a premium of perhaps 10 per cent above realistic levels—meaning a rate of $1.95 to $2—"would be an uncomfortable but bearable spur to further action to improve performance."

The present sterling rate had "a drastic effect on export margins." It also encouraged imports and thus eroded home market margins, Sir Arthur told the annual meeting in London.

Adjusted

If a continued high sterling rate led to the abandonment of market positions built up over many years, a "return at some more favourable time" would be "impossible or highly unlikely."

Sir Arthur said the rise in Courtaulds' pre-tax profits in the last financial year would have been £3[illegible] instead of £10m if the exchange rate had adjusted to the faster rise in costs at home than among overseas competitors.

Another warning of the consequences of a high sterling rate came from Sir Arthur Bryan, chairman of the Wedgwood pottery group, at his company's annual meeting in London who said that it would make for disappointing first quarter results. Describing the pound as "over-valued," he said conditions for exporting manufacturers "must be bad as well as unique."

Gestetner, the office equipment concern, said in its half-year statement that sterling's strength was causing difficulties in overseas trading. "If sterling continues at its present high levels, the group's competitive position and its profits overseas will remain under pressure."

Reports, Page 24

£ in New York

—	July 17	Previous
Spot	$2.270-2.271	$2.2530-2540
1 month	0.68-0.64 dis	0.74-0.68 dis
3 months	1.87-1.83 dis	1.82-1.76 dis
12 months	4.80-4.60 dis	4.72-4.62 dis

OECD spells out oil price dangers

BY ROBERT MAUTHNER IN PARIS

THE WESTERN industrialised countries face a grim short-term future of low economic growth, higher prices, and more unemployment because of the recent round of oil price increases, says a survey by the Organisation for Economic Co-operation and Development today.

In its six-monthly Economic Outlook, updated tentatively to take into account the OPEC oil price decisions in Geneva last month, the OECD Secretariat forecasts that the area's gross national product could well grow by less than 2 per cent at an annual rate in the next year.

Real incomes in the member-countries are likely to grow at an even slower rate, of only 1.5 per cent.

Mr. John Fay, head of the OECD economics and statistics department, said at a Press conference that the aim of achieving high employment over a five-year period, set by the member-countries in 1976, was now most unlikely to be achieved.

According to provisional estimates, the U.S. would have a zero growth rate in the second half of this year and the first half of 1980, while Britain's GNP would decline by something like 0.75 per cent at an annual rate from the first half of 1979 to the first half of next year.

This would be partially offset by positive growth rates in other major countries, but not enough to push up the area's average GNP to anything like the level required to reduce unemployment.

Japan's GNP was likely to rise by 4 per cent at an annual rate in the second half of this year, and jump to between 5 and 6 per cent in the first half of 1980, thanks mainly to increased OPEC purchases.

The West German economy could be expected to grow by about 3 per cent in the next 12 months; that of France by 2.25 to 2.5 per cent; and Italy's by 1.5 to 1.75 per cent.

Apart from its purely mechanical effect in pushing up inflation for the area as a whole, the jump in oil prices would cause sharp deterioration in balances of payments of the member-countries, and complete disappearance of the large current-account surpluses which Japan and West Germany have run in recent years.

For the OECD area as a whole the current account is expected to move into substantial deficit in the second half of this year, when it will probably run at an annual rate of some $40bn compared with an original forecast of $20bn.

It could fall to an annual rate of $30bn in the first half of 1980, when OPEC purchases from OECD members might be expected to increase as a result of higher oil revenues.

A bleak picture was painted by Mr. Fay of the employment situation. In the area as a

Continued on Back Page
Details, Page 4

UK unemployment expected to soar

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT in Britain is likely to rise by at least 180,000 to 200,000 in the next year from the present figure, 1.28m, says the OECD report.

In a separate analysis of the UK economy the OECD takes a gloomy view of prospects for domestic demand and activity in that period.

The OECD is often described as the British Treasury in exile, as its thinking and forecasting techniques are similar to those of Whitehall economists.

Consequently, the OECD projection of a rise in adult unemployment from 5.25 per cent now to more than 6 per cent in first-half 1980 is unlikely to be very different from unpublished internal Treasury estimates.

The OECD forecasts of demand and output are broadly similar to the projections by the Treasury a month ago.

Total output, measured by real gross domestic product, is expected to be roughly at last year's level in 1979 as whole, against a 2 per cent rise in the OECD pre-Budget forecast.

Gap between earnings and prices closing

BY DAVID FREUD

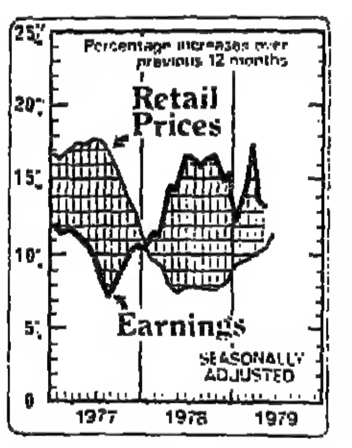
THE GAP between earnings growth and retail price inflation was closing fast in the spring, according to official figures, and is now likely to have been eliminated altogether.

Figures released yesterday by the Department of Employment show that average earnings rose by 13.2 per cent in the year to May, only 2.9 percentage points more than retail prices.

The earnings figure appears in line with Treasury projections for a rise of about 14 per cent over the current wage round, which ends this month. This would be close to the last round's outcome.

It would also be below the annual rise in retail prices—expected to be about 15 per cent by July—for the first time in 18 months.

Through much of the 18-month period, earnings had been rising twice as fast as prices, with a gap of about 8 percentage points in the annual rates of growth during most of last summer.



In the first 10 months of the wage round, average earnings under the new index—which covers all employees and is unadjusted—rose 9.7 per cent, compared with 11.2 per cent in the previous round.

Most of the difference in the two rounds is probably due to slightly fewer employees settling so far this year than last.

The old index, which covers mainly production workers, rose 11.8 per cent in the first ten months of the round, somewhat more than the new index. Indications are that this reflects more settlements in production industries so far this round.

Settlements still to be reflected in the official figures include those for teachers and non-manual civil servants, both of which include back pay to last April.

Motor imports exceed exports

BY LISA WOOD

IMPORTS of motor vehicles and components exceeded the UK motor industry's exports in volume for the first time in the first five months of this year.

Exports were £1.65bn, 3 per cent down on January-May last year.

Imports were 43 per cent up at £1.86bn, creating a £212m deficit against last year's £411m surplus in the first five months. In 1977 the surplus had been £1.33bn while for last year as a whole it was £776m.

Figures confirmed yesterday by the Society of Motor Manufacturers and Traders show that car exports were particularly badly hit at a time when UK demand for new cars reached record levels.

By value, car exports in the five months were 7 per cent down on a year before, while at £355m imports were up by 59 per cent at £1.16bn.

Commercial vehicle exports were 2 per cent down at £245m, with imports 49 per cent up at £155m. Motor component and accessory exports were up 1 per cent at £780m and imports up 21 per cent at £457m. Exports of other industry products such as tractors and trailers declined by 11 per cent to £271m, while imports grew by 7 per cent to £92m.

The SMMT said: "The first quarter's low car output—down 8.3 per cent to 325,000 vehicles—which resulted partly from the lorry drivers' strike and harsh winter accelerated the decline into deficit."

One major factor in the car imports figures was the large percentage of cars brought in from overseas plants by Ford, which was badly hit last year during its nine-week strike and has since been struggling to meet record demand.

In the first three months of the year 47 per cent of new Fords registered in the UK were assembled on the Continent. The comparable figure in 1978 was 33.4 per cent.

Ford said yesterday, however, that every month was now showing an improved ratio of domestically produced cars to imported ones. In June, 50 per cent of its cars sold here were made in Britain.

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EUROPEAN NEWS

Spain's last chance for peace with the Basques

By David Gardner in Madrid

THE SURPRISE agreement between the Spanish Government and the Partido Nacionalista Vasco (PNV), the mainstream Basque nationalist party, "caught the last coach on the last train towards peace in the Basque country," according to one of the participants in the two-week long bilateral negotiations, which ended late on Tuesday.

Leaders of the Basque party described the agreement on home-rule as "historic" and "more far-reaching than the 1936 statute of autonomy" (under which the Basques ruled themselves for the first eight months of the Spanish Civil War).

Beyond Tuesday's euphoria lie the guerrillas of ETA-Militar, who have already announced that they will continue the fight for an all-out independence. They have the backing of over 20 per cent of the Basque population through the radical nationalist electoral coalition, Herri Batasuna.

Yet the agreement is nevertheless historic. For the second

King Juan Carlos recently pictured sporting a beard

time in 140 years the central Government in Madrid and the effective representatives of the Basque population have agreed on a framework for home rule.

Two major developments have made the pact possible. First, the Prime Minister, Sr. Adolfo Suarez, hammered out the core of an agreement in long personal talks with the PNV president, Sr. Carlos Garaicoetxea.

The Prime Minister's ruling UCD Party had previously described as unconstitutional some 80 per cent of the draft statute submitted to Parliament by Basque MPs last year, and had vetoed Sr. Garaicoetxea's election as president of the semi-autonomous Basque General Council.

This was a dangerous game in view of Article 8 of the Spanish Constitution, whose enforcement is entrusted to the armed forces. It was by no means clear that, having put a tight constitutional wrapping on the draft statute, the Government could then start peeling it off in the form of concessions.

The Basque side, hard-pressed by the escalation of violence which has claimed some 70 lives this year, made clear that it could negotiate only the form, and not the content, of the statute.

In between his frequent meetings with Sr. Garaicoetxea, Sr. Suarez with behind-the-scenes backing from the King and Deputy Prime Minister, Gen. Gutierrez Mellado, has evidently sold the home-rule package both to the military and to radicals within his own party.

The second decisive moment was the appearance in Madrid last week of Sr. Mario Onaindia, condemned to death as an ETA member by Franco in 1970, and now secretary-general of EIA (Party for the Basque Revolution) and leader of the radical nationalist coalition Euzkadiko Ezkerra, the political counterpart of ETA (Politico-Militar).

Sr. Onaindia's firm support for the original statute greatly strengthened the Basque negotiators' hand, doubly so in the light of the recent coastal bombing campaign carried out by ETA (Politico-Militar).

Radical nationalists in the Basque country now expect the "Poli-Milis," as they are known, to stockpile arms. Others in the nationalist movement, however, expect that support for Herri Batasuna will gradually flow towards the autonomists of Sr. Euzkadiko Ezkerra, provided the home-rule process now goes smoothly.

If this proves to be the case, Sr. Suarez could claim a major personal triumph and a vindication of his political strategy—a variant of the Francoist method of allowing a situation to rot to such an extent that almost any intervention appears an improvement.

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Bonn Finance Ministry optimistic on dollar

BY JONATHAN CARR IN BONN

SENIOR WEST German monetary officials foresee no need for an early realignment of currencies within the European Monetary System (EMS)—despite repeated suggestions to the contrary.

They also remain fairly optimistic about the medium term prospects for the dollar—on which the stability of the EMS partly depends—in spite of the renewed decline of the U.S. currency since President Carter's latest energy proposals.

Herr Manfred Lahnstein, State Secretary for monetary affairs at the Finance Ministry, felt that existing rates within the EMS could be maintained at least up to and during the EEC review of how the system has worked in its first months. This stocktaking is due either in September or October.

To those suggesting that the D-Mark might be due for revaluation—not least in the wake of last week's Bundesbank decision to raise discount rate—Herr Lahnstein pointed out that the Lira, not the D-Mark, had long proved to be the strongest currency in the system.

The German currency has in fact fallen by 1 per cent against the lira since the start of this year—and by even more against the Irish pound, itself influenced by the strength of the pound sterling which is not at present a part of the EMS exchange rate mechanism.

While the Belgian franc remained weak within the EMS and the Danish krone had been so, Herr Lahnstein felt the

Herr Manfred Lahnstein

different domestic measures taken by both countries, combined with normal support measures provided for within the EMS, meant that devaluation would not be necessary.

He agreed that the overall stability of the EMS in its first months owed much to the relative strength of the dollar following announcement of the U.S. support measures last November.

But he broadly took the view already voiced by Dr. Omar Emminger, the Bundesbank president, that even if the U.S. currency comes under still more pressure, the major turbulence of 1977-78 will probably be avoided.

Herr Lahnstein had harsh words for those, not least in West Germany, who had been ready to criticise President Carter's new energy plans without even having seen the text of his White House speech—let alone his further, more detailed remarks on the topic in Kansas City.

If the kind of wide-ranging criticism of the President often made in the past had been well-founded, then the rate for dollar against the Deutsche Mark should now be DM 1.40 or lower, he suggested. In fact the market had so far found a reasonable balance, reflecting the strengths as well as the weaknesses of the U.S. economic position.

It was true that the U.S. inflation rate was high, but this should be reduced as the economy now appeared to be turning down.

Other factors favouring the U.S. currency included the improvement in the U.S. current account—albeit to a lesser extent that the U.S. administration had hoped for some months ago—and the additional needs for dollars by oil-importing countries in the wake of the latest OPEC price rise.

He also felt that consultation and co-ordination between U.S. and European monetary authorities had generally worked well and there were good hopes this would continue.

Turkey granted DM 380m credit

BY ROGER BOYES IN BONN

WEST GERMANY has granted Turkey a DM 380m (£92.4m) concessionary credit as part of the West's emergency aid package to Ankara, it was announced yesterday.

The 30-year credit is Bonn's contribution to the $900m assistance programme agreed by a group of Western industrialised nations—many of them NATO partners of Turkey—in Paris at the end of May.

The German credit will be interest fre efor 10 years and will then carry a 2 per cent interest, thus allowing Turkey to secure vital imports from Bonn. The agreement was signed yesterday by Dr. Guenther Van Well, a state secretary in the Foreign Ministry, and Mr. Vahit Halefoglu, the Turkish Ambassador.

The Western countries agreed to stop-gap financing providing Turkey accepted certain austerity measures recommended by the International Monetary Fund. Such an agreement has been reached by Turkey and the IMF—it is expected to be ratified by the IMF in Washington today—and this in turn has opened the floodgates for potential aid-givers.

West Germany is the first of the four powers which attended the Guadeloupe summit in January to sign a bilateral credit agreement with Turkey. The principle of an emergency and medium-term programme was agreed by the Guadeloupe participants—U.S. Britain, France and Germany—and since then Bonn has taken over the political co-ordination of the project.

The U.S. has promised Turkey almost $200m of aid plus a further $50m worth of export credits, and Britain, too, is expected to enter talks with Turkey his week. The stumbling block for both counres ihd been the lack of a Turkish agreement with the IMF.

Last week the Turkish central bank signed two loan agreements totalling $836.3m with a group of Western banks which partly provided for another loan and partly for the rescheduling of debts.

Metin Munir adds from Ankara: Sterling gained value against the Turkish lira by 9.4 per cent, along with 14 other major currencies not including the dollar, following an adjustment of the cross rates by the central bank here.

This was the first adjustment following last month's 43 per cent devaluation, a component of Prime Minister Bulent Ecevit's second stage stabilisation programme.

The move comes on the eve of the discussions of Turkey's letter of intent by the International Monetary Fund's board of directors tomorrow.

Kreisky plans to serve full term

BY PAUL LENDVAI IN VIENNA

DR. BRUNO KREISKY, the Austrian Chancellor, who won a resounding victory in general elections in May, reaffirmed yesterday that he would stay in office until the end of his term in 1983.

Speaking at a Press conference before the summer recess, Dr. Kreisky dismissed speculation that he would concentrate on foreign policy and international questions, leaving the day-to-day domestic policy to Dr. Hannes Androsch, his Vice-Chancellor and Finance Minister.

Dr. Kreisky, who is 68, made it clear that he was determined to remain in charge and that there was no question of the Finance Minister being "Crown Prince." He added that there were several young and able politicians apart from Dr. Androsch who could qualify as his successor.

The Chancellor disclosed that a Government reshuffle would take place in the autumn after the provincial and regional elections in Upper Austria, Carinthia and Vorarlberg. It is understood that the Ministers of Construction and Health and a couple of secretaries of state will leave the Government.

It is now clear that the Federal President, Dr. Rudolf Kirchschlaeger, will be re-elected next May for a second six-year term. The former Foreign Minister in Dr. Kreisky's Cabinet was nominated in 1975 by the Socialists and won a comfortable victory. The Socialists have already decided to nominate him again.

Aware of the Head of State's great popularity, Dr. Alois Mock, leader of the People's Party, has told the President that his party will not put up a candidate.

France adjusts trade target

By David White in Paris

THE RISE in oil prices has scuttled France's hopes of maintaining a foreign trade surplus this year, but the Government is aiming to keep the shortfall down to a maximum FFr 10bn (£1bn approximately).

M. Jean-Francois Deniau, the Foreign Trade Minister, said France should be able to make up this gap with a surplus on its services account.

The government forecast, which is conditional on the development of the franc-dollar rate and other factors, came after announcement of the second consecutive monthly deficit in adjusted trade figures for June, following a run of surpluses since the beginning of the year.

The adjusted deficit of FFr 1.14bn brought the total shortfall for the first six months to FFr 638m. This compared with a surplus of FFr 752m on an adjusted basis in the first half of last year.

Higher oil costs added FFr 2bn to the month's import bill compared with the same month last year. The level of oil imports rose by over a fifth to 10m tonnes as France continued to replenish stocks.

On the other hand, strong cereal sales contributed to a slight improvement in France's surplus in non-energy trade.

Unadjusted figures for the six-month period show a 15.1 per cent increase in French exports to FFr 209.4bn and a 15.7 per cent rise in imports to FFr 209.5bn. June's import total of FFr 35.6bn was 7 per cent down on the previous month but 16 per cent higher than a year earlier.

Exports, at FFr 37.1bn, barely changed compared with May, showed an increase of just under 12 per cent over the year.

Energy-saving package for the Portuguese

By Jimmy Burns in Lisbon

PORTUGAL'S outgoing Government, led by Dr. Carlos Mota Pinto, has announced a package of energy-saving measures. It lays down new speed limits, Sunday closing of some petrol stations, reductions in lighting for street advertisements, and early closing of cinemas, theatres, nightclubs and other entertainment centres.

The oil price increase has hit Portugal harder than most other European countries. The price rise decided at the Geneva OPEC meeting will add a further $113m (£49.8m) to Portugal's oil bill, which had already been expected to rise from $754m (£332m) to $1bn this year. Oil imports are thus expected to account for over 30 per cent of the expected trade deficit for 1979 of $2.5bn (£1.1bn).

The latest measures, while offsetting a part of this burden, fall far short of what most economists regard as necessary.

The Government has not announced any rise in the price of petrol or of other oil-derived fuels to dampen consumption. Overall oil consumption rose 13.1 per cent during the first quarter of this year, while fuel oil consumption increased by 19.1 per cent.

Veil cool on extending powers of Parliament

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

MME SIMONE VEIL, newly elected president of the European Parliament, called on her fellow Euro-MPs in Strasbourg yesterday to give fresh impetus to European integration by co-operating closely with other EEC institutions rather than by seeking to extend the Parliament's limited existing powers.

She was careful to emphasise in her maiden speech that the EEC treaties laid down clearly defined responsibilities for each of the institutions, conferring on the European Commission the right to initiate policy proposals and entrusting legislative decisions to the Council of Ministers.

The Parliament, for its part, should aim to fit into this framework by cultivating a close working relationship with other EEC institutions and relying on the "new legitimacy" which it had derived from direct elections to make its voice heard.

It should seek to assist in the creation of a Europe based on solidarity, independence and co-operation, particularly with the Third World, lending its support to moves to lower unemplyment, narrow regional disparities and reduce dependence on imported energy supplies.

She named two specific areas in which the Parliament should play an active role: monitoring the operation of Community

Mme. Simone Veil

policies and drawing up the EEC budget.

It should not confine itself merely to the expenditure side of the budget, where it has limited authority to order changes, but should also concern itself with revenues. In particular, it should play a full part in suggesting new financing methods to succeed the current "own resources" arrangements, due to hit their ceiling in about two years' time.

The rather modest objectives set out by Mme Veil disappointed some Euro-MPs who would like the Parliament to struggle more aggressively than in the past to involve itself in EEC decision-making.

There was little in her speech either, to dispel suspicion among a number of her colleagues that Mme. Veil's views on the future development of the EEC are modelled closely on those of her former political patron, President Giscard d'Estaing, and that she will try to avoid any course of action that risks displeasing the French Government while she is in office.

In contrast to the lofty ceremonial oratory of many of the speakers taking part in the opening session of the new Parliament yesterday, Mr. Roy Jenkins, president of the European Commission, sounded a gloomy warning note.

"I do not hide from this House my view that we stand on the threshold of a sombre decade," he said. The recent oil price increases would transfer real resources away from the industrialised world, creating the prospect of lower economic growth, higher inflation and more unemployment.

The European Parliament must help provide the stimulus to enable the Community to devise new policies in the face of these problems. It should use its powers fully to question and criticise actions by both the Commission and the Council.

UK Liberals stake symbolic claim to their 'lost' seats

BY ELINOR GOODMAN

THE BRITISH Liberals took moderation so far yesterday that their protest about the iniquities of the British electoral system was barely noticed by the majority of MPs.

Rather than making an embarrassing fuss, the group of unsuccessful Liberal candidates slipped into the chamber to claim the seats which they insisted should have been theirs while the 410 successful MPs were out at lunch enjoying the fruits of their new-found expenses.

Led by Mr. Russell Johnston, the ten Liberals plonked themselves down symbolically in the middle of the hemicycle and sat there looking rather self-conscious for a few minutes while the photographers did their stuff. They then trooped out, some of them eventually to return to the youth hostel where they were staying.

The demonstration was judged to have been a success, however. At a news conference earlier, Dr. Martin Bangemann, the chairman of the European Liberal and Democratic group, had promised to keep the British Liberals in touch with what was going on in Strasbourg. Another member of the European group had also publicly pledged the group to working towards the introduction of a common system of proportional representation throughout Europe.

Nevertheless, the visit may not have been an entirely happy one. The Liberals can scarcely fail to have heard the British Conservatives gossiping about the way the European Liberals would like them and the Christian Democrats to form rather closer links in the Centre-Right of the Parliament.

At the Liberals' news conference yesterday, one member of the European Liberal group denied that any such move was in the air, and said that, in any case, the Liberals could not co-operate formally with a party which was opposed to proportional representation. But rumours are difficult to kill in this greenhouse of European gossip, particularly when somebody has an interest in spreading them.

EUROPEAN PARLIAMENT

If the great British public still finds European politics boring after this week, it will not be for lack of trying by the BBC. The corporation has sent a total of 36 reporters, cameramen and technicians to Strasbourg. At times they have seemed in danger of filming each other in their search for news. In addition to the main radio and TV news teams, four of the regions have sent out representatives of their own to garner local news.

The independent radio and TV networks seem to have taken a rather less optimistic view about the audience interest in the new Parliament. Between them they have sent only 11 reporters.

The BBC team, however, dwindles into insignificance when compared with that of the French. For them, the Parliament has all the makings of a good story. Not only is it taking place on French soil but the president is French and a woman to boot. To convey just how important it all is, the French radio and TV networks have a total of 136 reporters and technicians registered here.

In all, 715 journalists are accredited here from around the world. In the middle of the ranks of fast typing Americans and chain-smoking Continentals is a lone representative of the New China News Agency. News of Mme Veil's election to the presidency has already been sent to China together with an abridged version of the hour-long introduction to European history delivered by the Parliament's much-revered oldest member on Tuesday.

Anyone considering a career in European politics would do well to have been born in July. This is one of the conclusions of a study of the vital statistics of Euro-MPs produced by the Parliament's information service and available in five languages as the composite entry for the Guinness Book of Records.

To the evident delight of whoever is responsible for writing up the information, the survey shows that "no less than eight of the 24 Belgian MPs have birthdays falling last week, this week or next week." It then goes on to provide the names and dates for anyone wanting to ingratiate themselves with the new members by sending them birthday cards.

The survey also shows that the average age of the new Euro-MP is 50.6 years (the Parliament has obviously already gone over to metric years) which is rather younger than the last lot. The British have sent the youngest bunch of recruits. Their average is a mere 45 years, compared with 53 for the French and an elderly 55 for the Italians.

Sweden's plan for the oil crisis brings threat of rationing

BY WILLIAM DULLFORCE IN STOCKHOLM

IT IS not only President Carter whose political standing has been undermined by soaring oil prices and by his Administration's apparent inability to solve energy problems. In Sweden, which relies far more heavily than the U.S. on imported oil, inactivity over oil supply difficulties threaten to tarnish the reputation of Mr. Ola Ullsten's Liberal minority government.

With the September general election rapidly approaching, the damage could be serious. Swedes taking part in a recent opinion poll rated "safeguarding future energy needs" as the most important current political issue.

Earlier this year Sweden tried and failed to trigger the International Energy Agency (IEA) mechanism under which other members have to divert supplies to a country with an import shortfall. This month a message from the IEA that a major oil company (BP) had agreed to increase deliveries to Sweden proved to be based on a misunderstanding. Now the Government is desperately trying to reduce the country's dependence on the spot market where prices have rocketed in recent months.

On Tuesday the Government announced price increases for petrol, diesel and light heating oils used to heat most of Sweden's private homes. The controlled prices are still lower than the spot prices but the Government hopes that it has pitched the level high enough to stimulate the companies to step up imports. The question is whether this action has come too late to prevent rationing in the winter.

The Liberals are most unlikely to start rationing before the election, and the energy issue involves much more than short-term oil supplies. A referendum on nuclear power is scheduled for next spring.

Sweden's oil supply problems have revived the argument over the functioning and responsibilities of the major oil companies. There have already been recriminations, particularly from the Left, about the expected large increases in company profits. The Liberal Government clearly feels that some majors have dealt unfairly with Sweden.

The Government position can be interpreted as an attempt to reverse Swedish oil policy in the middle of a crisis. In the 1974-78 period Sweden benefited from the low prices of petroleum products on the Rotterdam spot market. Independent oil companies flourished, the majors with national networks in Sweden met tough price competition and those with refineries could operate them only at reduced capacity and at a loss.

Now the independents, who buy at spot market prices, are in financial trouble. The refineries are running at full capacity, and the Government is urging the majors to step up deliveries to their Swedish subsidiaries at prices based on the OPEC selling prices for crude, not the spot rates.

The majors, in particular Esso and Shell, have baulked at this. Their Swedish subsidiaries were forced to curb supplies from their parent companies and to buy spot during

A police helicopter patrols a Swedish motorway as new road signs go up restricting speeds.

the 1974-78 period, in order to compete with the independents. With a shortage of low-priced crude, they are disinclined to follow the Government's present urgings to change policy.

But the Government understandably argues that a country which depends on imported oil to meet 70 per cent of its energy requirements cannot leave its fate in the hands of the spot dealers. Like other European governments, the Swedes feel the time has come to control the Rotterdam market.

The Government has also changed its tack on domestic oil controls. Earlier this year it lifted price controls on heavy fuel oils with the result that the power and district heating companies and the major industrial users have been ensured of their supplies. But this week, arguing that heavy fuel oil prices had reached a speculative level, the Government clapped on maximum prices.

The real problem — and a politically sensitive one — concerns the light heating oils and to a lesser extent petrol, on which the Government has kept prices well below spot market levels.

Current pressure on supplies has been aggravated by the stock system operated in Sweden. Oil companies and major consumers are obliged by law to maintain emergency stocks at levels which vary by product.

This year companies were allowed to reduce their stocks of light heating oils by more than 30 per cent between January and May with the result that by June there was a deficiency of 1.5m cubic metres of light heating oils in the combined emergency and commercial stocks.

This deficiency now has to be made up at the same time as the normal refilling of stocks to their January 1 level. Some 6.5m cubic metres of light heating oil will have to be found before the year's end. The rise in domestic prices announced this week may not give the companies enough incentive to meet this requirement.

The authorities have tried to apply the stick. From August 1 companies and consumers with stock obligations will have to pay a monthly fine, equivalent to the spot price of light heating oil, on the shortfall in their emergency stocks. This measure is calculated to induce the companies to buy on the spot market.

The probable reaction from the companies will be to put their first deliveries into their stocks and keep their customers short. An inquiry into its members' intentions by the Swedish Petroleum Institute indicated that there could be a shortfall on light heating oil deliveries to customers of between 800,000 and 1m cubic metres during the second half of the year.

If that happens, the Government cannot avoid rationing supplies of light heating and diesel oil as well as petrol.

The Liberal cabinet has been torn between two aims. On the one hand it has wanted to curb prices, in order to prevent the consumer price index passing the threshold which would trigger off new wage claims in October, and also for political reasons immediately before the election.

On the other hand it has been pulled by its commitment in principle to the market economy. And by organising oil supplies, it also wants to demonstrate the efficient administration it promised when it took office last October.

The Liberal government has been talking with several countries, including Mexico and Nigeria, about oil supply agreements but so far the only concrete outcome has been a deal for 300,000 tons from Iraq. Moreover, the Government will need to find refiners in Europe for any crude oil it can obtain.

Sweden needs to import annually about 28m tons of crude oil equivalent. Last year the bill for this was SKr 14.2bn (£1.5bn). Oil experts estimate that this will climb by about SKr 5bn this year.

With the spectre of winter fuel rationing hanging over the economy, the Government faces the challenge of improving the way it plays the oil game in the months leading up to the general election.

U.S. could verify adherence to SALT within year

BY DAVID BUCHAN IN WASHINGTON

THE U.S. will need four to five years to make good the loss of its intelligence stations in Iran to monitor Russian missile tests, Mr. Harold Brown, Defence Secretary, told Congress yesterday. But it will take only a year or less to restore its ability to verify the SALT-II treaty, he added.

Mr. Brown will detail U.S. intelligence alternatives in closed sessions with the Foreign Relations Committee and other Senate bodies. But he commented publicly yesterday that reconnaissance flights by U-2 aircraft were not the only substitute the U.S. had for the Iranian stations.

Turkey has so far baulked at U.S. requests to allow U-2 flights from its territory over the Soviet Union.

Mr. Harold Brown

Mr. Brown assured Senators that the U.S. would abrogate the SALT-II pact if Moscow committed major and unresolved violations of its provisions.

But he was confident any major Russian cheating would be spotted by the U.S. in ample time, while minor Russian infractions would be militarily insignificant and outweighed by the political risks for the USSR.

Mr. Brown held extensive talks on Tuesday with Mr. Francis Pym, British Defence Secretary. Mr. Pym later underlined British support for the arms pact, but considered that further NATO attempts to persuade the U.S. Senate to ratify the treaty might prove counter-productive.

Mr. Pym also discussed with Mr. Brown the issue of modernising tactical nuclear weapons in Europe, on which a decision is due this autumn.

He refused, however, to comment on reports that the likely outcome would be Britain agreeing to accept ground-based Cruise missiles with West Germany providing a base for Pershing-2 missiles.

From his talks with Senate and House armed services committees, Mr. Pym said he was confident Congress would provide enough budget money this year to keep alive U.S. development of an advanced version of the British Harrier Jump-jet—despite the Carter Administration's hopes of killing the project.

Mr. Pym said Britain would try to find ways of making it easier for the Carter Administration to change its mind on the advanced AV8B Harrier project, which he said was important in money to British companies and more broadly, to better Alliance co-operation on arms.

OPEC holdings 'do not pose threat'

BY OUR WASHINGTON CORRESPONDENT

OPEC HOLDINGS in the U.S., estimated at $42bn at the end of 1978, still make up a relatively small share of total foreign investment in the U.S. and their possible withdrawal would not threaten the country's economy or financial system, a top U.S. Treasury official said yesterday.

Mr. Fred Bergsten, assistant Treasury Secretary, was answering anxieties by members of the House monetary affairs committee that OPEC investors might gain undue influence in particular U.S. companies or sectors or might, for political reasons, withdraw their holdings in some manoeuvre to damage the dollar.

Specifically, the committee has been asking for more disclosure by U.S. authorities of the size and nature of OPEC investments in the U.S. But Mr. Bergsten explicitly rejected this request, saying this might deter the inflow of OPEC funds, which would not be in the U.S. national interest.

"No other country discloses nearly as much data as does the U.S. in this whole area of international capital movements," he said. In general, governments and central banks, not only those of the oil-producing countries, regard details of their foreign holdings as "a private matter" and the U.S. Treasury would respect this.

OPEC countries, Mr. Bergsten said, had shown no signs of wanting to disrupt the U.S. financial system. Indeed, their American investments here were likely to grow, as the overall OPEC surplus, which fell to only $5bn last year, was likely because of the oil price increases to rise to over $40bn this year and in 1980.

The relative importance of OPEC investments in specific sectors was, however, small at present, Mr. Bergsten said. Oil-exporting countries and their citizens accounted for 9 per cent of all foreign holdings of Treasury securities, and only 1.6 per cent of all holdings of U.S. Treasury debt.

They held around 20 per cent of all foreign investment in U.S. corporate and other securities, but this was only a tiny percentage of total investment.

Rice crop forecast

WASHINGTON—Early season growing conditions have been generally favourable for the 1979-80 world rice crop, according to the U.S. Department of Agriculture (USDA).

The crop is tentatively forecast at 373.4m tonnes, compared with 373.3m estimated for the 1978-79 season.

In its World Grain Circular, the USDA said world trade next year is projected to decline slightly Reuter

AFTERMATH OF MEXICO'S GENERAL ELECTION

Few happy with results

BY WILLIAM CHISLETT IN MEXICO CITY

FEW MEXICANS are satisfied with the outcome of the country's July 1 General Election, which was intended to herald a relaxation of the governing Institutional Revolutionary Party's (PRI) grip on power.

As expected, the party was returned with an overwhelming majority of the 300 directly-elected seats in the enlarged Congress. However, the low turnout in the election—less than half the 28m electorate voted—is being interpreted by the opposition as a condemnation of the Government.

The opposition also alleges that the results of hte poll, and the delay in announcing them, are evidence of fraud.

The results will not be official until Aug. 15 when the new electoral college is formally constituted. But the formation of the next Congress is quite clear from the results given so far by the Electoral Commission and confirmed by the opposition parties.

The outgoing government won 296 of the 300 constituency seats. The other four went to the Right-wing Catholic National Action Party (PAN). In the outgoing congress, the PRI held 195 of the 196 constituency seats.

Before the election the PRI increased the number of additional seats awarded on a proportional representation basis from 40 to 100, as a concession to the opposition. These 100 seats were divided to give or take a seat, as follows: PAN 40, the Communists 18, the PPS 12, the Authentic Mexican Revolution Party 11, and the Socialist Workers' Party (PST) and the Conservative Mexican Democratic Party (PDM) nine each.

The Communists, PST and PDM were legalised before the elections. The abstention figure, which varies regionally from 47 per cent to 55 per cent, compares unfavourably with the 38 per cent in the 1976 elections.

The fact that Mexicans abstained in droves from voting, when they had a chance to vote for other parties apart from the PRI and those identified with it, has highlighted the fossilisation of the Mexican political system.

This is worrying for the Government. With a population of 67m and tremendous oil wealth there is increasing expectation for a better standard of living and greater participation in the political process.

President Jose Lopez Portillo has specifically opened up the system to reduce the pressures which produce political violence and to try to involve more people through democratic channels. Over the years, abstentions have shown a big increase.

The Government, which has won almost every election at congressional, Senate, municipal and Presidential level since 1929, appeared before the elections to be very nervous at the prospect of losing votes. The President may be reformist-minded, but further down the party hierarchy, the old methods have not changed.

In their last TV election spots before polling, the PRI mounted a hysterical attack on any opposition. Titled "The Day the Opposition Won," the propaganda film featured extracts from "what happens in world history when the opposition takes power."

These included scenes from Hitler's rise to power and Allende becoming President of Chile. The film ended lyrically with children in a park and the slogan "To continue being free, vote for the PRI."

Ironically, Mexico is eager to recognise the new provisional government in Nicaragua after the overthrow of Gen. Somoza. But when opposition moves onto home ground, the rules are different.

It remains to be seen whether the new Congress will continue to be a servile rubber stamp at the orders of the immensely powerful executive, or whether it will develop, as the Left will insist, into an effective legislative body

With so many important issues facing Mexico, not the least of which concern the best use of its oil revenue and the mounting social problems, the need for a proper parliament is even more vital.

Ambassador recalled from Nicaragua

BY HUGH O'SHAUGHNESSY

THE ANTI-Somoza forces in Nicaraguan moved swiftly yesterday to frustrate the attempt by ex-President Anatasio Somoza's associate, Sr. Francisco Urcuyo, to hold out against them by moving up new forces and flying in three members of their provisional government.

Mr. Lawrence Pezzullo, U.S. Ambassador to Nicaragua, said yesterday he had been recalled because the U.S. felt the new Nicaraguan Government had "gone back on" the agreement to hand over power to the anti-Somoza Government. Mr. Pezzulla later left for Panama.

The U.S. State Department had expressed irritation that Sr. Urcuyo, named provisional President of Nicaragua on Tuesday morning after the resignation and departure of Gen. Somoza, was not handing over power.

Voicing its concern, the Department said that Sr. Urcuyo's action was jeopardising the country's chances of peace and reconciliation.

Mr. Warren Christopher, deputy of Mr. Cyrus Vance, U.S. Secretary of State, had urgent talks with ex-President Somoza in Miami last night.

The three members of the anti-Somoza provisional governing council based in Costa Rica flew to Nicaragua from San José yesterday.

The full five-member council is expected to establish itself in the Saninista-controlled city of Leon and from there oversee a final assault on those elements of the National Guard still resisting the Sandinista victory.

Yesterday, the Costa Rican Government recognised it as the legitimate government of Nicaragua. Sr. Urcuyo's action was criticised by the Brazilian Government, which noted that last month the Organisation of American States had called for an immediate end to the Somoza régime.

In Managua and other towns, fighting continued with increased bitterness between the National Guard and the Sandinistas, who ignored Sr. Urcuyo's call to lay down their arms.

Sandinista columns were reported to be converging on the capital and its international airport, still in the hands of the National Guard.

Bankers back NY

BY JOHN WYLES IN NEW YORK

MORE THAN 20 foreign banks have formed a consortium with New York city and state banks to issue what is in effect a new vote of confidence in the city's financial recovery by agreeing to act as "back up" lender in a $600m note sale later this year.

There is a twofold significance to the move, which guarantees purchase by the banks of any notes not taken up by the public. Foreign and New York state banks will be participating for the first time in such a back-up agreement since the city's fiscal crisis in 1975 which brought it to the verge of bankruptcy.

Secondly, this will be the first note issue in which the banks have agreed to act as a long stop without a parallel involvement of city pension funds.

New York city's two previous issues this year, which raised a total of $275m and were oversubscribed, were backed by a commitment from just 12 city clearing house banks and the pension funds.

Thus the latest agreement marks a further step in New York's financial rehabilitation, although a sharper test will come when the city tries to market tax anticipation notes and a long term bond issue.

Foreign banks participating in the latest agreement include seven Japanese, the four leading British banks, Lloyds, National Westminster, Barclays and Standard and Chartered, the French bank Credit Industriel et Commercial, and West Germany's Dresdner Bank.

Kennedy discounts effect of Chappaquidick incident

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SENATOR Edward Kennedy of Massachusetts has said publicly he does not think his performance at the Chappaquidick incident, the tenth anniversary of which fell yesterday, means he cannot handle the pressures of the Presidency.

In the first in-depth interview on the incident he has given in five years, Mr. Kennedy said he had then been "irrational and irresponsible" in his actions.

The car which he was driving had plunged into the waters of the small Cape Cod island, leading to the death, presumably by drowning, of his passenger, Miss Mary Jo Kopechne, a young staff assistant.

If he should run for President, then Chappaquidick, as he acknowledged in the interview, is an issue he would have to confront.

According to a poll conducted last week by the New York Times and CBS News, 80 per cent of the respondents remembered the incident. But of that figure, only 23 per cent said they were "less likely" to vote for Mr. Kennedy because of it.

But this, as the pollsters admit, may be illusory. Chappaquidick has been a secondary issue in contrast to the open battering endured by President Carter over the past couple of years.

A declaration of candidacy would inevitably bring it to the surface

In his interview, Mr. Kennedy said the Chappaquidick affair did not present the same tests he had faced, day in and day out, in his 17 years in the U.S. Senate.

He had felt "no hesitancy" in involving himself in major national issues, "and taking stands on many of them."

Much attention has centred on Mr. Kennedy's ambitions, given President Carter's political troubles, and the apparently pronounced preference of Democrats for the Senator.

Despite numerous efforts to draft him into next year's primaries, he has insisted—though some say insufficiently strongly—that he does not expect to run next year because he expects Mr. Carter's renomination by the party and re-election by the nation.

● There were probably conspiracies in the assassinations of both President John F. Kennedy and Dr. Martin Luther King, the House Assassinations Committee said in its final report, published yesterday.

The committee concluded after 30 months of investigation that neither the Warren Commission nor the FBI adequately explored the possibility of a conspiracy in the deaths.

The Queen begins her African tour today with a visit to Tanzania. Our correspondent in Dar es Salaam reports.

Counting the cost of toppling Amin

QUEEN ELIZABETH begins a two-week African tour today with four days in Tanzania one of the world's 15 poorest countries.

Workers are filling in the worst of the potholes left by monsoon rains of Dar es Salaam and fresh white road markings are being painted in an attempt to brighten up the rather run-down capital.

But Tanzania cannot afford to splash out on the visit. The six-month war to topple Idi Aman's regime in Uganda has all but crippled an already shaky economy. Tanzania's foreign exchange situation is said to be critical and the manpower shortage caused by the war will only begin to ease over the next few weeks as the 45,000 or so troops in Uganda begin to return home.

About half of them are due to remain behind for the time being to supervise the training of a new Ugandan army and to maintain security.

A belt-tightening budget has just been announced for Tanzania withp ublic spending and imports slashed to a minimum to cope with the expenses of the war, which, according to President Julius Nyerere, will have cost some £250m in the year to next October.

Western economists estimated that the six months of fighting which took Tanzanian troops and their Ugandan exile allies over 1,000 miles to the Sudanese border was costing about £500,000 a day—half in military expenditure and half in losses through disruption to industry and agriculture.

To ease its way through the crisis, Tanzania has asked donors of its £200m annual aid to switch from help tied to specific projects to cash for foreign exchange support.

Among those to respond has been Sweden, which ties with West Germany as Tanzania's biggest aid donor. The Swedes agreed that out of a £125m grant over the next three years, about £16m would be in the form of untied cash for essential imports.

President Nyerere's plans to turn the country into a socialist state have not come to a stop but they have been slowed by inflation (thought to be about 20 per cent for urban wage-earners but much less for peasants), the cost of the war, serious flooding earlier this year and the spiralling cost of oil imports.

Driving is banned on Sundays as are weekend petrol sales in an attempt at conservation.

In 1977, the last year for which figures are available, the gross domestic product was £1.5bn and between 1972 and 1977 there was a GDP constant price growth rate of 4.5 per cent.

Only 13 per cent of the country's 365,000 square miles is classed as arable land under permanent cultivation and much of the remainder is semi-arid. About 90 per cent of the 17.5m population is in the rural areas.

President Julius Nyerere: "building socialism"

Dr. Nyerere and his Chama Cha Mapinduzi (revolutionary) Party, the only one allowed under the constitution, espouses both socialism and self-reliance—the latter being hard to reconcile with Tanzania's massive appetite for foreign aid.

Tanzania is the biggest single recipient of Western aid in Africa and up to 70 per cent of its development budget and 50 per cent of the public sector investment is externally financed.

Although Dr. Nyerere is chairman of the front-line states confronting Zimbabwe Rhodesia and provides military and diplomatic support for the Patriotic Front guerrillas, the sort of fears that have been expressed for the Queen's safety in Zambia have not been voiced about her visit to Tanzania.

Although Tanzania provides base training facilities, it is far enough geographically from the conflict to have been immune, so far, from attacks by Salisbury forces.

It was a different story in the late 1960s when Dr. Nyerere supported and sheltered Frelimo guerrillas fighting to overthrow the Portuguese colonial administration in neighbouring Mozambique.

Agriculture is the mainstay of the Tanzanian economy and this message will be rubbed home when the Queen and Duke visit the Kibo coffee estate in the shadow of Kilimanjaro, Africa's highest mountain, on Saturday. Coffee is the most important export crop, accounting for 40 per cent of earnings. It is followed by cotton at 12 per cent and cloves at 6 per cent.

Tomorrow the Queen will visit Zanzibar, the spice island, and home of the clove industry. A 20-minute flight from Dar es Salaam, the island monopolises the world clove market and cloves account for 70 per cent of its income.

Zanzibar has remained largely autonomous since it was official united with Tanganyika to form Tanzania in 1964. It has a higher standard of living than the mainland and boasts its own television service.

Bitter feuding in Kampala over Lule's claims

BY MICHAEL HOLMAN IN KAMPALA

A BITTER ATTACK on ex-president Yusufu Lule by senior Ugandan Ministers seems likely to raise tension in the capital, Kampala, and to mark the end of a period of comparative restraint about the issue of Mr. Lule's future.

At a hastily summoned press conference late on Tuesday punctuated by the sound of intermittent gunfire which is a featureof Kampala nights, two senior Government members angrily responded to Mr. Lule's claim that he was still the legal President of the country.

Mr. Edward Rugamayo, Chairman of the Uganda National Consultative Council, the ruling coalition of political parties and interest groups, declared that any person assisting the ex-President was "an enemy of the people of Uganda." Asked if Mr. Lule himself—once offered a house and Government pension—was therefore an enemy, Mr. Rugamayo replied: "of course."

Earlier he accused Mr. Lule and his supporters of "working with" (ex-president) Amin and his henchmen to form anti-Ugandan forces." Mr. Paul Muwanga, the Minister of Internal Affairs, claimed that there was already "tension" on the northern border with Sudan, where many of Amin's soldiers have taken refuge.

The country's only daily paper, the Uganda Times, yesterday carried a front-page headline: "Lule joins hands with Amin's henchmen." Though quoting extensively from the press conference, it carried no report of Mr. Lule's condemnation of Tanzanian involvement in Uganda, which he made in Nairobi earlier on Tuesday.

To most observers here, the allegations of links with Amin and what is, in effect, censorship of the news, appear as a sign of Government concern about the popularity of the former president.

Mr. Lule's power base lies mainly in and around Kampala, which is dominated by the 3.6m members of the Baganda tribe, the largest single ethnic group in the 13m population. Many people I spoke to during a 10-day stay in Uganda recently supported Mr. Lule, and were suspicious that the new Administration was preparing the way for the return of Dr. Milton Obote, the man ousted by Idi Amin in 1971.

Their suspicions will have been fanned by Mr. Lule's claim that President Nyerere of Tanzania wanted Dr. Obote to be Uganda's Foreign Minister or Vice-President.

Baganda resentment is being fuelled by the Government's failure to provide any tangible sign that the long process of economic reconstruction has begun. Added to this is a growing dislike of the 30,000-40,000 Tanzanian troops still in the country despite withdrawal of some of their number.

Officials point out they have been in office hardly four weeks, and they face an acute shortage of transport. But residents in Kampala, and elsewhere in Uganda, facing shortages of basic commodities such as salt, sugar, cooking oil, medicine, treat explanations with cynicism.

The political picture is further complicated by signs of a possible division within the Ugandan army, now in the process of being reformed, and ideological differences within the UNLF.

At his public appearances so far, President Godfrey Binaisa, now attending the Organisation of African Unity summit in Liberia, has appeared relaxed and confident. However, the combination of problems that he faces will present a severe test of his ability to hold a divided, war-torn country together.

Glyn Genin

Mr. Y. B. Chavan

Chavan will try to form government

By K. K. Sharma in New Delhi

IN A surprise move, the Indian President, Mr. N. Sanjiva Reddy, yesterday asked Mr. Yashwantrao B. Chavan, leader of the opposition in the Indian Lower House of Parliament (Lok Sabha) to explore the possibility of forming the government following the resignation of Mr. Morarji Desai.

Mr. Chavan leads the Congress Parliamentary Party which has broken away from the Congress (I) Party lead by Mrs. Indira Gandhi. On its own, it is impossible for the Congress to form the government since it has only 77 members in a house of 542.

But Mr. Chavan can attempt to form a coalition government in alliance with like-minded parties. These include the newly formed Janata (S) formed by defectors from Mr. Desai's party and now headed by Mr. Charan Singh.

However, Mrs. Indira Gandhi and her Congress (I) will not lend her support to Mr. Chavan and nor will the Jana Sangh and the Desai-led Congress faction in the Janata Party. Mr. Chavan has not yet indicated whether he will accept the President's invitation but he has long been waiting for a return to office and can be expected to try.

Observers believe, however, that the President is merely carrying out his constitutional obligations. For the past three days, ever since Mr. Desai resigned, he has been holding consultations with various political leaders to find out whether a viable alternative government is possible.

Should Mr. Chavan fail, the President may look to the leader of one of the large parties. This could well be the head of the Janata party and this explains why Mr. Desai has refused to quit this post despite heavy pressure on him to make way for Mr. Jagjivan Ram, another contender for the Prime Ministership.

Talks continuing on U.S. uranium for S. Africa

BY QUENTIN PEEL IN JOHANNESBURG

NEGOTIATIONS between South Africa and the U.S. for the supply of highly enriched uranium, which have been bogged down over South Africa's refusal to sign the nuclear non-proliferation treaty, are still continuing, Dr. Ampie Roux, chairman of the Uranium Enrichment Corporation, said yesterday.

The decision by the U.S. last December to return the $400,000 deposit paid by South Africa for the fuel had not meant a breakdown in negotiations, he said. The U.S. was seeking to negotiate a deal for the supply of all South Africa's nuclear fuel requirements, in return for South Africa's accession to the treaty.

Although South Africa possessed the technology to produce its own highly enriched uranium, no decision had been made to do so, Dr. Roux said. Any such decision was a political one which could only be made by the Government after careful consideration of the implications, including the likely international response.

South Africa had ordered highly enriched uranium for its research reactor, Safari 1, at Pelindaba, outside Pretoria, as well as lowly enriched uranium which will be required by the Koeberg nuclear power station under construction in the Cape. It is the highly enriched uranium which is controversial, as it can be used for the manufacture of atomic weapons.

Dr. Wynand de Villiers, Dr. Roux's successor as chairman of the Atomic Energy Board, disclosed last week that several nuclear research projects had been set back by the U.S. delay in supplying the highly enriched fuel for Safari 1. He said the reactor was only functioning at one-eighth of capacity.

The enrichment corporation is expanding its own pilot enrichment plant to a production plant which is intended to supply South Africa's domestic requirements, Dr. Roux said. However the fuel is only being enriched to around 3 per cent, necessary for nuclear power stations, as opposed to the 93 per cent needed for Safari, although Safari could be operated on fuel of somewhat lower enrichment.

Dr. Roux said he did not need to spell out to the U.S. South Africa's ability or otherwise to produce its own highly enriched fuel. "That is a technical problem the Americans can assess quite easily," he said.

The U.S. Department of Energy has already signed a contract with the South African Eletcricity Supply Commission, for the supply of enriched uranium for Koeberg. It will be converted into fuel elements by Framatome, the French contractor for Koeberg. First supplies are due for delivery in 1980.

Dr. Roux said South Africa had not considered producing her own fuel elements, necessary to convert enriched uranium into fuel for reactors. It was logical to rely on those who already possessed the technology.

In the longer term, the enrichment corporation would be capable of supplying the enriched uranium needs of Koeberg and future nuclear power stations planned by the electricity commission, although none have yet been given the go-ahead.

Dr. Roux would not give a likely completion date for the enrichment plant. However the Koeberg 1 reactor is expected to come on stream by early 1982, probably before his corporation will be in a position to supply the enriched fuel.

Gold price windfall for Pretoria

BY OUR JOHANNESBURG CORRESPONDENT

THE SOARING gold price, which yesterday went through the $300 barrier, could add more than R1bn ($1.18bn) to the value of South Africa's exports in the second half of the year. It will also provide the South African Government with a windfall in mining tax revenue.

Those are the main effects in the world's major gold producer state. But most observers believe that the gold price is well overdue for a reaction, which could yet set it back up to 10 per cent.

A $300 average gold price over a full year would add some R2bn to the value of gold output. If it holds for the rest of the present year, it will still be a vital buffer for South Africa against the high prices it has to pay for oil on international spot markets. The South African Chamber of Mines estimates that the value of gold production this year will top R5bn ($5.9bn) against R3.8bn in 1978, when the average gold price was $190.

Government revenue last year from the gold mines came to R435m and Senator Owen Horwood, Minister of Finance, budgeted for R666m in the present financial year. If the new gold price holds, Government revenue for the second six months of the year could be R300m above the estimate.

The rising gold price has been the most important factor in preventing the oil bill from eroding South Africa's balance of payments surplus, although predictions of a R3bn trade surplus for the year are based on first quarter figures which included a 40 per cent cut in oil imports.

Perhaps the most important benefit of the gold boom is that it could allow the Government to embark on further expansionary spending to counteract the deflationary effect of the fuel price rise, which threatens to bring the recovery of consumer spending to a standstill. The Government is under increasing pressure to introduce such a package.

Escalation of Sahara war likely

BY OUR RABAT CORRESPONDENT

A SERIOUS escalation of the conflict over the Western Sahara is likely as a newly-formed Moroccan militia threatens to carry guerrilla warfare into Algeria for the first time.

An organisation calling itself the Aosario, the French acronym for the Association of Natives of the Sahara formerly under Spanish domination, formed a "people's militia" in May and now says it will launch armed attacks on the Tindouf area of south-western Algeria.

In a communique issued in Rabat and sent to the Organisation of African Unity's summit conference in Monrovia, the Aosario said it plans to "liberate" several thousand Saharans.

The implication is that the organisation will make armed raids into an area where the Algerian-backed Polisario Front has its main bases for the war it has been waging against Morocco since Spain evacuated the Western Sahara.

If the threat is carried out it will be a form of retaliation for Polisario attacks on Morocco. Such attacks have increased recently despite warnings from King Hassan II that his army will exercise the right of hot pursuit.

So far the King has not permitted his forces to cross the frontier even when a large Polisario force attacked the Moroccan locality of Foum el-Hassan last Saturday and killed 11 Moroccans.

THE OECD'S ECONOMIC OUTLOOK

Oil price rise darkens prospects for growth and inflation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A GLOOMY analysis of the prospects for inflation, output and unemployment in the main industrialised countries in the next 12 months is presented this morning by the Organisation for Economic Co-operation and Development in its half-yearly Economic Outlook.

The OECD, the Paris based body covering the 24 leading industrialised countries, warns that the immediate prospect is for "rather moderate growth, high inflation and a difficult energy market. Higher growth of output and living standards thereafter—and a sustained reduction of unemployment—depend crucially on better price performance and effective energy policies. There are probably no quick solutions to these twin problems."

The report concentrates on the blow to earlier hopes of sustainable non-inflationary growth caused by the re-acceleration of inflation and, in particular, by the sharp rise in oil prices.

The main forecasts were completed in early June before the meeting of oil-producing states in Geneva. The result of that meeting means that the average price that OECD countries pay for imported oil over 1979 as a whole may be about 35 per cent higher than during 1978 compared with a 23 per cent increase assumed in the main forecasts.

On a purely mechanical rule-of-thumb basis this means that inflation—as measured by consumer price indices—could be at an annual rate of 10 per cent in the second half of this year for the OECD area as a whole and roughly 9 per cent in the first half of next year.

This is roughly a percentage point higher than the projections in the main forecast and compares with an average rate of 7½ per cent in the first half of this year and just under 7 per cent last year.

However, the OECD warns that if wages were, as in recent years, to rise in sympathy, the inflationary impulse would be higher and next year's deceleration would be jeopardised.

1976-1980 GROWTH FOR THE OECD AREA

Projections and likely outcome

	Earlier trends			Recent trends and prospects		
	1973/1960	1974/1973	1975/1974	1978/1975	1980/1975 Projected in 1976	1980/1975 Likely outcome
Average annual percentage changes						
GNP/GDP (volume)	4.9	0.3	−0.4	4.2	5¼	3¼
Gross fixed investment*	6.6	−5.4	−7.2	6.0	9	5
Labour productivity	3.8	−0.4	0.3	2.8	4	2½
Employment	1.0	0.7	−0.8	1.4	1½	1½
Final year of period						
Unemployment rate*	3.4	3.6	5.3	5.1	4	5½
Change in GNP/GDP deflator	7.6	11.9	11.5	7.5	5	8–9
Current balance ($bn)	9.6	−27.6	0.2	6.4	7½	−15 to −20

NOTE—The 1976-1980 projections were established by the OECD Secretariat in early 1976. They were not conceived as forecasts but rather as an illustration of a growth path consistent with non-inflationary economic recovery.
* Seven major OECD countries.

The latest round of oil price rises means that the current account of the balance of payments of the OECD is likely to move into substantial deficit for the rest of this year, perhaps an annual rate of around $40bn, rather than $21bn as in the main forecast and a rate of $10bn in the first half of this year.

The deficit may fall to an annual rate of $30bn in the first half of 1980 when imports by oil-producing countries rise in response to higher oil earnings.

The growth of total output, as measured by gross national product, is likely to be reduced to an annual rate of around 2 per cent over the next 12 months, rather the 2½ per cent rate in the main forecasts.

This compares with an annual rate for the OECD area of 3½ per cent in the first half of this year and of 4.2 per cent in the second half of 1978. However, because of the terms of trade loss caused by the movement of relative prices against the industrialised world, real income is likely to grow even more slowly, at around 1½ per cent a year.

The outlook warns that there is some possibility that demand will be even weaker than this because of waning confidence in the private sector, a tightening of macro-economic policy, or a more marked slowdown in the U.S. "Given the size of the recent oil price rise, this possibility would seem to be greater. The rise in OECD activity over the next year could thus be lower than 2 per cent."

At a press conference in Paris ahead of the publication of the report Mr. John Fay, the head of the economics and statistics department of OECD, produced an up-to-date assessment of the prospects for the next 12 months on the asumption that there is no serious deterioration in business confidence.

Mr. Fay said there was likely to be no growth in output in the U.S. over the next 12 months as a whole following a 4 per cent rise in 1978. Unemployment in the U.S. is likely to rise from just over 5½ per cent at the beginning of this year to 7 per cent by mid-1980. The U.S. current account deficit is likely to be in the annual range of $15bn to $16bn over the next 12 months.

West German output is expected to grow at an annual rate of 3 per cent over the next 12 months, and over the same period the country is likely to have a current account deficit of between $2bn and $3bn following a surplus of $7½bn (at an annual rate) in the first half of 1979.

Japan is expected to have a similar deficit over the next 12 months following near balance in the first half of this year. Japanese output is expected to grow at an annual rate of 4 per cent in the second half of this year, rising to between 5.5 and 6 per cent in the first half of 1980 as exports to the oil-producing countries increase.

The growth rate in France is likely to be between 2¼ and 2½ per cent over the next 12 months following a rate of 3½ per cent in the last six months. Over the next 12 months France is expected to have a small current deficit of up to $1bn.

In the UK, total output is expected to decline by 0.75 per cent between the first halves of 1979 and 1980. Unemployment is projected to rise from around 5.25 per cent at present to 6 per cent by mid-1980. Over the period the UK should be in balance or small surplus on current account.

In addition, Mr. Fay said that total unemployment in the OECD area might rise to between 18m and 19m by mid-1980 compared with 16½m last year.

The outlook contains a special section on oil. This notes that because the short-run elasticities of demand and supply for energy are so low (due in part to a producers' cartel) the oil price has been moved up so far by a relatively small shortage in global energy supplies.

The short-term assessment indicates that in order to achieve the moderate growth projected in the forecast and to rebuild stocks to end-1978 levels over the next year, OECD economies must achieve energy conservation equivalent to 3½ per cent of oil demand.

The medium-term outlook to 1985 suggests that growth of 3.3 per cent a year might just be feasible if the real price of energy does not rise further. However, given current energy consumption and likely future OPEC supplies, it would appear that the growth rate of 4½ per cent a year could not be achieved at present relative prices without substantial and continued conservation measures.

This would involve the implementation of a wide range of conservation and production policies adding up to 4m barrels a day of oil equivalent. Even then a change of policy by one of the larger oil producing states or a smaller contribution from the OECD's indigenous sources, such as the nuclear programme, would seriously endanger the prospects of higher growth.

The special article also discusses the simulated effects of a 10 per cent oil price rise, examining the extent to which other energy prices rise in sympathy with oil prices and the response of nominal wages to higher oil prices.

SIMULATED EFFECTS ON OECD AREA OF A 10 PER CENT (YEAR-ON-YEAR) INCREASE IN OPEC OIL PRICES*

	Case 1 No sympathetic energy price-response; no wage response		Case 2 Sympathetic energy price response; no wage response		Case 3 Sympathetic energy price and wage response	
	1979	1980	1979	1980	1979	1980
Volumes						
Total domestic demand	−0.4	−0.1	−0.4	−0.1	−0.4	−0.1
Exports, goods and services	0.1	0.3	0.2	0.3	0.1	0.2
Imports, goods and services	−0.6	0	−0.5	0	−0.5	0
GNP	−0.3	0	−0.3	0	−0.3	0
Real income	−0.6	−0.1	−0.6	−0.1	−0.6	−0.1
Deflators						
Total domestic demand	0.2	0	0.5	0.2	0.6	0.4
Exports, goods and services	0	0	0.3	0.1	0.4	0.2
Imports, goods and services	1.5	0.1	1.8	0.2	1.8	0.3
GNP	0	0	0.2	0.2	0.3	0.4
Value, $bn						
Exports, goods and services	8.0	14.5	8.0	15.5	8.5	16.0
Imports, goods and services	16.0	19.5	16.5	20.5	16.5	20.5
Foreign balance	−8.0	−5.0	−8.5	−5.0	−8.0	−4.5

* These simulations were performed using the OECD INTERLINK model.

The outlook also looks at other medium-term constraints on economic growth and notes that recent indicators suggest that "the chances of achieving reasonable price stability and restoring sustainable growth and full employment by the middle of the next decade are not good."

The report compares illustrative growth projections for 1975-80 prepared by the OECD Secretariat in early 1976 with the likely outcome. Thus instead of a projected growth of total output of 5¼ per cent a year in the period the rise is likely to be 3¼ per cent.

Employment was projected to rise by 1½ per cent a year and has risen by 1½ per cent, though a large part of this was in the U.S.

Unemployment was projected to increase by 4 per cent a year and has risen by 5½ per cent. The overall rate of inflation was projected at 5 per cent and is likely to have averaged between 8 and 9 per cent.

"OECD Economic Outlook," number 25, 164 pages OECD Paris, price £3.30.

Soviet Union 'to freeze oil exports'

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION, which may face oil shortages for the 1980s, has decided to freeze oil exports at their present level according to Mr. Hamish Gray, the British Minister of State for Energy.

The decision will probably mean further cuts in Soviet oil shipments to the West, as deliveries to Comecon seem certain to rise, but there will be no cutback in Soviet shipments of heavy crude oil to Britain, where it is mixed in refineries with oil from the North Sea.

Mr. Gray is in the Soviet Union to discuss Anglo-Soviet co-operation in energy and he has had talks with leading Soviet energy officials. He also opened the British oil and gas exhibition which runs until Friday.

Mr. Gray was told that the Soviets do not plan to either increase their total oil exports, which are believed to amount to well over 160m tonnes a year, or to reduce them, but rather to maintain them at their current level.

This would appear to mean that oil shipments to the West, which on the basis of the available figures dropped last year by about 20 per cent, will continue to decline.

The Soviets have pledged to supply Comecon with 80m tonnes of oil this year and during the first four months of the year they shipped 30m tonnes of oil to Comecon, apparently to overcome the fuel crisis caused by the severe winter.

The Soviets have pledged that shipments of fuel and energy to Comecon will increase by 20 per cent during 1981-85 and although some of this increase will undoubtedly take the form of deliveries of gas and electricity, it is also expected to consist in part of deliveries of oil.

Mr. Gray was preparing to leave Moscow for Baku, the oil producing centre on the Caspian Sea where he said he expected to be shown the site of the proposed oil rig fabrication yard for which a British consortium made up of British Petroleum, Brown and Root and Wimpey are bidding.

Mr. Gray said he was told that there has been progress in the long running negotiations for a contract for the yard which could have a value of about £70m. He said the Soviets were anxious to make a decision by the end of the year.

In general, the interest shown by Soviet Ministries in the British exhibits had been gratifying and Mr. Gray said the Soviets paid special attention to different methods of drilling, production platforms and diving.

The Soviet offshore drilling industry which has been criticised for backwardness and inefficiency in the Soviet press, has only produced rigs capable of drilling in 100 metres of water.

British companies have developed rigs capable of operating in depths of 200 metres and as the Soviets expand their offshore drilling into the deeper waters of the Caspian Sea and begin exploration in the Barents Sea and the Kara Sea, the possibilities for contracts with British companies may increase.

Offshore oil exploration is expected to be an important growth area and a new offshore directorate has recently been set up in the Ministry for the gas industry.

POLITICAL RISK INSURANCE

U.S. exporters get the jitters

BY DAVID LASCELLES IN NEW YORK

"ONLY A year ago, we couldn't see any in Iran. Today, everybody wants it, but we're not selling it any more," said Mr. Joseph DeAllessandro, President of National Union Fire Insurance, a subsidiary of the American International Group based in New York.

He was referring to political risk insurance: protection against business losses due to nationalisation or other political perils. Last year, no one could conceive of Iran without the Shah, so no one worried about political risks. Today, Iran has executed such a sharp about turn that it is no longer an insurable risk.

In the same 12 months, upheavals have swept a new government to power in Afghanistan and beset Nicaragua and Taiwan with fresh uncertainties. Meanwhile, China has opened its vast but almost totally unknown market to U.S. business.

Some risky markets are even uncomfortably close to home: the Canadian province of Quebec being an obvious example, and the upshot of all this is that American companies have become increasingly sensitive to the political dangers of foreign trade, and many more have begun to seek insurance protection.

According to the JLS Group, a New York insurance broker which specialises in political risks, the volume of premiums written this year will be about $30m (£13.3m), double the amount last year. About $10m of this, it estimates, is being written by National Union Fire Insurance, and most of the rest by Lloyd's of London indicating that political risk insurance is still a highly specialised field.

To some extent, this sharp growth is due to the narrow role played by the Overseas Private Investment Corporation, the Government agency which has traditionally insured U.S. business against the dangers of nationalisation, and so forth. But OPIC's aim is to foster new, rather than existing, business relationships, and its activities are inevitably aligned with U.S. foreign policy goals.

Commercial insurers, on the other hand, are able to insure any business they care to, and they can put together tailor-made policies to suit most kinds of companies, wherever and however they do business.

In fact, political risk insurance has already moved beyond such obvious dangers as nationalisation into more sophisticated fields like contract frustration and creeping expropriation.

Contract frustration can take two basic forms: repudiation, or the imposition of trade barriers by either the exporting or importing country.

Mr. Jay Shapiro of JLS points out that while most U.S. businesses worry about what the purchasing country might do, there is also the danger Washington will impose export controls on their products. This happened last year when President Carter temporarily blocked the export of certain sensitive oil' equipment and computer items to the Soviet Union.

Most companies build contingencies into their bids for contracts to cover these risks. But, as Mr. Shapiro points out, a company could well gain a bidding edge on its competitors if it takes out political risk insurance instead.

There is no need, he says, to insure the whole value of the contract. All that needs to be covered is the portion that is at risk at a particular moment, such as goods delivered but not yet paid for. This way, premiums can be kept to a minimum.

Creeping expropriation occurs when foreign Governments pile operating conditions on foreign-owned businesses, thereby reducing their value to the owner and forcing him to sell out cheap. Political risk insurance even covers the danger that a host Government will change currency regulations to prevent the repatriation of profits or assets.

But precisely because political risk insurance is such a sensitive business, companies taking it out do not like to discuss it.

"We don't want our customer to think that we have doubts about his political stability," said an executive at an electronics concern that does a lot of business abroad. Other companies do not want their competitors to know that they take out insurance because of the costs it can save.

However, Mr. DeAllessandro estimates that "almost all" concerns in the Fortune 100 list of top companies now take out political risk insurance, and he predicts that in five years' time such coverage will become part of the insurance portfolio of every U.S. company doing business abroad.

"At the moment, the market is growing just as fast as we want it to," he said.

The cost of insurance varies enormously, depending on the type of goods and the countries involved. JLS says premiums can range between ½ and 3 per cent of the value of the contract. But National Union Fire keeps a constant watch on world economic and political developments and adjusts rates in line with them. Costs are, however, going down as the market grows.

It could be some time, though, before a large number of insurance underwriters and brokers pile into the market. National Union Fire took three years to develop political risk insurance, and hired Mr. Robert Svensk, an official at OPIC, to help run it. "It's a highly sensitive business," said Mr. Svensk.

Lucas wins go-ahead on Turkish motors deal

By Metin Munir in Ankara

LUCAS INDUSTRIES of Britain yesterday received Government authorisation here to make investment in alternators and starter motors manufacture with Turkish partners.

The project, spearheaded in Turkey by Lucas's Istanbul-based distributors, Elektro-Diezel Motor Sanayi ve Ticaret, has been awaiting Government go-ahead for nearly five years.

CAV, a Lucas affiliate, and Elektro-Diezel are also awaiting authorisation from Turkey on a fuel-injection equipment project.

Under the decree which appeared in yesterday's official gazette, Lucas will hold 31 per cent of equity. It will bring in about £750,000 in capital and about £2m in equipment. Production will start in three years.

Lucas will receive £140,000 for supplying know-how and a 2 per cent royalty calculated on the equity ratio of the local partners. These will include, apart from Elektro-Diezel, large banks, such as the Industrial Development Bank of Turkey and Turkiye Is Bankasi. Another 29 per cent of the shares will be sold to the public.

At full capacity the projected plants will manufacture about 100,000 alternators and 185,000 starter motors of various sizes.

The Lucas authorisation is of general interest because it is the first foreign capital authorisation to be made by the Turkish Government in a long time. It coincides with the first signs of recovery in the Turkish economy, which has been in recession since 1977.

A Lucas spokesman in Birmingham yesterday confirmed that discussions with the Turkish authorities had taken place over recent years, and that "the figures reflect the sort of arrangement we have in mind."

The company had not been officially informed of the decision and when this was received it would be regarded as a procedural step towards implementation.

Jump in imports pushes Japan to mid-year deficit

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN RECORDED a current account deficit during the first half of 1979 following three years' increasingly large surpluses, the Ministry of Finance reported yesterday.

The deficit amounted to $1.68bn (£746m), and was caused mainly by a sharp fall in the rate of growth of exports coupled with steeply rising imports.

Exports during the six months period rose 6 per cent over the level of the previous year to $47.3bn while imports rose 35 per cent to $43.9bn. The resulting trade surplus of 3.4bn was offset by an invisibles deficit of $5.04bn to produce the $1.7bn current account deficit.

The appearance of a deficit on current account after two years in which Japan's surpluses have been causing severe friction with trading partners has been greeted with relief by the authorities. It now appears likely that Japan may be in deficit for the whole of the current calendar year and for the 1979 fiscal year, which runs up to March 31, 1980. This prospect contrasts with the official forecast for fiscal 1979, which suggested that Japan would run a current account surplus of $7.5bn.

The steep fall in the rate of export growth coupled with sharply rising imports helped produce a narrowing of the trade gap between Japan and the U.S. during the six months from January to June, although the imbalance in Japan-EEC trade remains almost unchanged.

Yen-dominated customs clearance figures for Japan-U.S. trade—dollar figures are not yet available—show the U.S. deficit shrinking from Y1.2 trillion (million million) in the first half of 1978 to Y559bn (£1.1bn) during the first half of this year.

The slower growth of Japanese exports this year results from substantial falls in sales of a number of traditional items offset by increases in the sales of some newer products. Ship exports, for example, fell 54 per cent below year ago levels, while TV exports were down 15 per cent and car exports off by 6.5 per cent. Industries with export gains included office machinery, up 16 per cent, and tape recorders, up 24 per cent.

These trends appear to reflect the impact of yen revaluation against the dollar and pressures for export restraint from some Western importers.

● Trade between Japan and China rose by about 56 per cent in the first six months of this year compared with the same 1978 period to a $3.34bn, Reuter reports from Tokyo.

China agrees to textile curbs

BRUSSELS — European Community and Chinese negotiators initialled an agreement in Peking yesterday to limit Chinese exports of sensitive textile products to the EEC to 40,000 tons a year.

The preliminary accord, approved by the EEC Commission envoys representing all member states except France, must now go to the Ministerial Council meeting in Brussels next week.

It would allow China to export 18,000 tons of cotton cloth, the most controversial material considered in the talks.

But France, whose long-time insistence on keeping the figure to 14,000 tons has been holding up an agreement since early April, maintained its reservations in Peking on increasing the ceiling.

"The French did not say no," a Commission official said. "The delegation in Peking had the power to negotiate but not conclude. Its proposals will go to the Ministerial Council next week and the French will probably then indicate if they have changed their position."

If the pact, which doubles China's annual exports of the 14 textile products, is accepted it will come into force retroactively, perhaps from January 1. AP-DJ

Singapore-Peking air link

BY OUR OWN CORRESPONDENT

SINGAPORE AIRLINES (SIA) will commence twice-weekly passenger services to Canton and Peking before the end of this year, following an agreement signed between SIA and the Civil Aviation Administration of China.

A CAAC delegation, led by Mr. Li Shu Fan, its deputy director, was in Singapore last week to negotiate the agreement.

Under the agreement, each airline may operate a frequency of three flights per week using narrow-bodied aircraft. This frequency may comprise a combination of passenger and all-cargo services at the option of the airlines.

SIA has said it will use either the Boeing 707 or 727 for its twice weekly services.

The airline is the second in the ASEAN region to disclose firm plans to fly to China. The first was Philippines Airlines.

Michael Donne adds: Britain's Department of Trade is currently in negotiation with China on the establishment of a bilateral air agreement under which British Airways would operate scheduled passenger and cargo services to Peking and Shanghai out of Hong Kong.

Nigerian truck plant completed

By Paul Lendvai in Vienna

STEYR-DAIMLER PUCH, Austria's leading motor company, has completed construction of a truck assembly plant at Bauchi, Nigeria, which has been officially opened by Nigerian and Austrian Government and business officials.

The Sch 1.1bn (£33m) plant will have a capacity for production of 8,000 trucks and 2,000 tractors per year. Steyr holds a 40 per cent share of Steyr-Nigeria, while majority interest is held by the Nigerian Government and other Nigerian interests.

More planning power at district level

BY ANDREW TAYLOR

THE GOVERNMENT yesterday announced measures to give district councils greater planning control powers at the expense of county councils.

But the moves last night were being seen as a compromise solution to the competing demands of the two rival Conservative controlled local authority associations — the Association of District Councils and the Association of County Councils.

The proposals to be included in a Bill later this year do not involve any major changes in management control of the key area of highways and traffic which will remain largely the responsibility of county councils.

The measures announced by Mr. Tom King, Minister for Local Government, were received with undisguised relief by the Association of County Councils which had feared that much more of their powers, including management of highways and traffic, might be given to district councils.

Mr. King said that the main changes will be in the field of development controls which will become—barring one or two exceptions—the responsibility of district councils.

In addition county councils will no longer have the right to question district council decisions on planning applications which will remove this stage of the planning appeals procedure.

The proposals would apply to all local authorities in England, excluding London. And similar measures are now being considered by Mr. Nicholas Edwards, Secretary of State for Wales.

Mr. King said: "The changes we are proposing will cut red tape, end duplication and speed the planning process. I also expect that they will lead to a saving of hundreds of local authority jobs and several millions of pounds a year."

He said that district councils would have sole responsibility for development controls except for planning applications for mineral workings and national parks, which will remain the responsibility of county councils.

A separate working party under the Department of Transport is to compile a code of practice covering highway and traffic management.

Mr. King said he had decided to leave responsibility for this area with county councils, but that there should be urgent consultations between the local authorities to discuss "ways of operating the system with greater efficiency and economy."

He said there was particular need for improving the operation of agency agreements by which district authorities take over responsibility for certain areas of highway maintenance and transport planning.

Mr. King also announced new proposals for concurrent planning powers shared by district and county councils. He said that counties would relinquish their powers over advertisement control and notices for areas like building preservation and wasteland maintenance.

Neither of the two rival local authority associations were pre-pared to rock the boat last night. The Association of County Councils was clearly relieved that more of its more important powers had not been stripped.

Dame Elizabeth Coker chairman of the ACC welcomed the measures and Mr. John Grugeon, chairman of the ACC's policy committee, said he strongly supported the decision not to interfere with highway management.

The Association of District Councils was also taking a soft line on the Government measures although it had clearly hoped for more.

Mr. Ian McCallum, newly appointed chairman of the ADC, said he welcomed the measures on planning as a first step. He was, however, disappointed with the decision to leave highway management with county councils.

CBI welcomes aid measures

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry and the Association of Chambers of Commerce yesterday said that the Government's regional aid measures deserved a favourable reception. This contrasted with the general tenor of criticism voiced by industry on Tuesday night.

Sir John Methven, CBI director general, said after a meeting of the CBI council, that his members thought the Government had "managed pretty well" and had met many of the points they had asked for.

Mr. Tom Boardman, president of the Chambers of Commerce, said it was accepted that industry could not be excluded from the cost of paying for taxation cuts. His members also believed that "the decision to reduce aid would encourage a more realistic approach to investment."

On Tuesday night Sir John had dwelt mainly on the CBI's concern that aid was being removed before company profitability recovered. Yesterday, after listening to industrialists at his council meeting expressing concern about how his remarks had been reported, he modified his stance.

He listed seven points of detail that he said had only become apparent after detailed examination of the Government's statement. They made it clear that the CBI's representations had been met on several issues.

These included industrial development certificates, the avoidance of new sectorial aid for industry, the omission of any restrictions on regional aid for individual industries such as chemicals and oil, the raising of project thresholds only from £100 and £1,000 to £500 and £5,000, the tightening of various aid criteria, the maintenance of special assistance for inward investment and phasing of the cuts through to 1982-83.

Faced as the Government was with the problem of cutting public expenditure, the CBI council members had made it clear that they thought Ministers were "walking a tight-rope" between cutting taxes and holding the levels of public expenditure.

The council also discussed the coming pay round and industrialists stressed that they would have to go through it with a strong pound and without a pay freeze or pay norms.

Tax cuts could bring top earners back to UK

BY MAURICE SAMUELSON

THE EXODUS of highly paid executives from the UK may be reversed because the income tax cuts which have restored pay differentials to the levels of the early 1970s, according to a survey published yesterday.

The survey covers salaries of directors and top managers in 332 engineering, oil, metals and chemicals companies.

Mr. Tony Vernon-Harcourt, director of Keyser Ullman's remuneration services, said that because of the tax cuts people were more ready to accept promotion. It would also now be easier for companies to bring back senior staff enjoying lower tax rates overseas.

Tax cuts hal also reduced the relative attractiveness of some fringe benefits. Only very few of the companies surveyed offered tax allowable tailoring schemes, boats or help with school fees, although travelling season tickets, especially in the South East, were more acceptable for the lower paid.

Because of the cuts, net incomes had increased by 11 per cent for those earnings £15,000 a year (a rise of £1,038), and by as much as 80 per cent (a rise of £20,363) for those earning £100,000.

This had further strained the differentials between some levels. It would now no longer be easy for a better benefits package to bridge the difference after tax between £20,000 and £30,000.

SOME TOP SALARIES

Mr. Norman Castle chairman, S. & W Berisford	£272,672
Mr. Robert Hal, director, Shell Transport & Trading	£216,779
Lord Grade, chairman, Associated Communications	£210,428
Sir Arthur Bryan, chairman, managing director, Wedgwood	£138,887
Mr. F. V. Waller, chairman, Adwest Group	*£122,269
Mr. C. C. Pocock, chairman, Shell Trading and Transport	£109,634
Sir David Steel, chairman, British Petroleum	£105,804

* In the present year, Mr. Waller will be paid only £55,000 of what he is entitled in his contract.

Source: Keyser Ullmann

In 1978-79, proomtion from £20,000 to £30,000 meant a cash increment of £2,145, about 19 per cent of net pay. Now, the cash increase would be £4,432, 33 pre cent of net pay. Where a company's cash remuneration levels are too low executive mobility could well increase.

Reflecting the impact of inflation, the survey shows that the numbers of directors on £10,000 a year rose by 5 per cent (compared with 4 per cent last year), while the number of staff below Board level who earn £10,000 has risen by 91 per cent.

At higher levels, the survey finds surprisingly little advantage in pay for a company chairman who is also chief executive over a chief executive who reports to a part time chairman. The average difference is only 10 per cent.

Remuneration for part time chairmen partly reflects the amount of time spent on company business. A typical company with a turnover of between about £5m and £15m will pay £7,000 a year, and a company with more than £200m turnover £20,000 a year.

Many smaller companies pay as well as their larger counterparts, a trend highlighted in the first Keyser Ullmann survey published last year.

Nationalised companies continue to pay far less than private concerns. The chairman of British Petroleum and Shell each earn more than £105,000 a year and the chairman of Esso £71,000. Lord Kearton, chairman of the British National Oil Corporation, is entitled to draw £60,000 a year.

These figures predate the Government's recent increases, nevertheless Keyser Ullmann says, "the differentials are substantial."

Top Management Remuneration in Engineering and Metals, Oil and Chemicals; and Industrial Holding Companies; Keyser Ullmann Remuneration Services; 98 pages; £25.

New Year upturn signs deceptive

BY DAVID FREUD

EARLIER SIGNS of an economic upturn at the beginning of next year now appears to have been deceptive.

Official figures designed by the Central Statistical Office to register future turning points in the economy have come into line with Treasury projections of sluggish growth in the next year.

The composite index of longer-leading indicators, aimed at indicating turning points about a year in advance, fell in June.

The figure reflects the recent upward movement of short-term interest rates and a drop in the FT-Actuaries 500 index, the only two indicators available so far to make up the index.

Inclusion of housing starts for May for the first time converts the slight rise recorded for that month into a slight fall.

Inclusion of additional indicators has also reduced the gain in the index in March and April. This means that in retrospect there was a small temporary upward fluctuation in these two months within an overall decline since October, 1977.

Officials believe that the fluctuation was partly because of the unusual economic pattern of the first half of the year, with the industrial disruption of the winter followed by catching-up and bunching of activity in the spring.

These factors are believed to be the main reason for the continued rise in the index of shorter-leading indicators, which looks forward about five months.

This indicator rose steadily in the three months to May. In the latest two months the rise was due to only two indicators, those for consumer credit and new car registrations, both of which have risen sharply.

Officials think that apart from the bunching effect, these two indicators have been influenced by pre-Budget buying. This means that behaviour of consumers is not a good pointer to future activity.

Furthermore, the inclusion of the remaining three indicators in the shorter-leading index is expected to reduce the extent of the rise.

Number of credit users doubles

By David Churchill, Consumer Affairs Correspondent

MORE people are using credit facilities, and there is a corresponding high level of consumer ignorance about costs and statutory rights, according to a survey published yesterday by the Office of Fair Trading.

The survey found that the number of adults using credit facilities in the 1970s has more than doubled.

By 1977, 54 per cent of people over 18—totalling 21m—were using credit, compared with only 22 per cent in 1969.

Much of the increase is due to greater use of established forms of credit—such as mail order, bank loans, and overdrafts—but there has also been a rapid increase in new forms of credit such as credit cards and store budget accounts. (There were not included in the 1969 survey.)

Consumers often did not know their rights and obligations when buying on credit. They were also unaware of the costs of different types of credit and how these costs compared with the cash price. Almost half the number of people using credit facilities did not know the total price they were paying, and just over one-third did not know what the goods would have cost them in cash.

The survey will be used as a "bench mark" against which to measure the effects of provisions of the Consumer Credit Act which have yet to be brought into force. These include the "truth in lending" provisions which will enable customers to compare the true cost of credit offers.

Grade and Marsh association ends

BY CHRISTINE MOIR

LORD GRADE and Mr. Laurie Marsh have reached the end of their association only a few months after the agreed bid by Lord Grade's Associated Communications Corporation for Mr. Marsh's Classic cinema chain and property development company.

Mr. Marsh, who became ACC's single largest shareholder under the take-over, "has been asked to relinquish" all his posts in ACC and his former company, Intereuropean Property Holdings, it was anounced yesterday.

In February, when ACC offered £12.8m for Intereuropean, both parties talked enthusiastically of the joint benefits expected from the deal. ACC was pleased to be buying into the Classic chain, but, more importantly, it wanted to participate in Mr. Marsh's £10m scheme for an entertainment complex behind Piccadilly Circus.

Named Eros, it is planned to include a 100-seat cinema, restaurants, a Las Vegas-style cabaret, and other leisure drawcards.

The scheme will now go ahead without Mr. Marsh, who pieced the site together and won the planning permission. "Incompatibility between the former management style of Intereuropean and that of ACC as a larger and more structured organisation" is given as the reason.

Mr. Marsh is one of the more flamboyant survivors of the property sector's recession during the mid-1970s. Initially a film producer, he built up the Classic cinema chain in the early 1970s, only to be seduced by the attractions of property development.

At one stage he attempted to sell Classic but the deal fell through and this proved the company's salvation when the property deals, particularly in Europe, turned sour.

The apex of his achievement was the merger with ACC, which offered the chance for further expansion of Classic coupled with leisure developments, plus the promise of a Board seat at ACC.

Shipyard jobs for 300 pledged

THERE WOULD be 300 new jobs in Falmouth in three months if British Shipbuilders agreed to sell its Cornish repair yard to Bristol Channel Ship-repairers.

Thi; undertaking was given yesterday by Mr. Christopher Bailey, chairman of Bristol Channel, in a telegram to Sir Keith Joseph, the Industry Secretary.

Bristol Channel's repair yards were operating to capacity and the company could easily find business for the larger dry dock at Falmouth.

ITV takes 52%

TELEVISION viewing figures for June show that ITV's audience share was 52 per cent whereas the BBC1 share was 37 per cent and that for BBC2 was 11 per cent, claims Jictar.

EEC plans to subsidise island ferry routes

BY OUR SCOTTISH CORRESPONDENT

EXPORT INDUSTRIES which are island-based, such as Harris Tweed, knitwear, whisky, and sheep meat production could benefit substantially from a proposal now before the European Commission to subsidise shipping charges.

The Commission is examining the feasibility of introducing Road Equivalent Tariff (RET), a system of subsidies which would effectively reduce freight rates now paid by island industries and residents to the level they would pay if they were connected by road to the mainland.

The Government is committed to moving towards the introduction of RET, and Mr. George Younger, Secretary of State for Scotland, said this week he hoped a review of ferry charges would be complete before the end of the year.

At the moment, Caledonian Macbrayne, the nationalised ferry company which serves the isles off the West coast of Scotland, is subsidised by the Government to £3.7m a year. Even so, it was announced this week that in response to oil price increases it would have to raise charges by an average 11 per cent for passengers and 10 per cent for freight.

The proposal to introduce the new system was led by Scottish members of the old indirectly-elected European Parliament, including Mr. Russell Johnston (Liberal), Mrs. Winnie Ewing (Scottish National Party), and Mr. John Carrie (Conservative), who was the *rapporteur* on the old Parliament's regional and transport committee.

GLC staff plan protest against housing cuts

FINANCIAL TIMES REPORTER

GREATER LONDON Council employees have been asked by their staff association to lobby the next council meeting to protest at the GLC's decision to restrict its future housing programme to Docklands, Thamesmead and a few houses in Covent Garden.

The architects department committee of the GLC staff association said that the house building programme—already reduced from 6,000 homes a year to 2,000—would be virtually wiped out by the council's decision.

The GLC has said that it wants to concentrate its resources on three areas of most need. The GLC housing development committee is now considering the future of projects being built in areas outside Thamesmead, Docklands and Covent Garden.

It is also to decide what to do with surplus land—on which it had planned to build houses—outside these three areas.

Press Council seeks members

THE PRESS COUNCIL is seeking new non-Press members. Last year it increased its non-Press membership to 18, equal to the number nominated by publishers' and journalists' organisations.

Penthouse loses case over casino licence

THE PENTHOUSE Club failed yesterday in the High Court to overturn the Gaming Board's refusal to let it apply for a gaming licence for its Mayfair casino.

Three judges in the Queen's Bench Divisional court dismissed an application by Penthouse Club (International) for an order quashing the Board's decision last February not to grant the company a certificate of consent allowing it to apply for a licence.

The club had alleged it had been treated unfairly by the board. A spokesman for the club said later it might appeal against the High Court decision.

When the High Court hearing began on Tuesday Penthouse complained that the Board had raised, without sufficient notice, matters relating to named persons of doubtful reputation allegedly associated with the club. It also complained that the board had raised the question of the loss of a licence by the club in 1971 when it was under different proprietorship.

But Mr. Justice Woolf said that the company's complaints indicated neither unfairness nor the appearance of unfairness.

Steel stockholders' group claims record 40% of UK market

BY ROY HODSON

A RECORD SHARE of almost 40 per cent of the British steel market is being claimed by the steel stockholders belonging to the National Association of Steel Stockholders.

The 300 member companies of NASS have gained ground during the past winter and expect to raise their total market share by some 2 per cent for the year.

The policy of the National Association of Steel Stockholders is to buy British-made steel wherever possible. Officials claim that the percentage of British Steel in their sales has risen during the last year.

The stockholders' share of the British steel market has risen from 18 per cent in 1965 to the present level of about 40 per cent. During that period, the quantities of imported steel handled by the stockholders have risen from under 1m tonnes a year to nearly 3m tonnes a year.

Stockholders believe that the public and private steelmaking sectors present policy of relying on fewer and larger integrated steelworks depending for efficiency on long production runs, should result in a further increase in the steel stockholders' market share.

NASS is campaigning to persuade the Government to recognise that their industry, handling nearly half of Britain's steel supplies, should be represented on the National Economic Development Council iron and steel working party.

The working party has welcomed the backing given by the British stockholding industry to the Davignon plan and the refusal of the stockholding industry to ally itself to what the working party has called "opportunistic traders."

Extensive rationalisation and modernisation programmes are now being implemented by the Community steel producers. A new appraisal by the National Association of Steel Stockholders concludes that these moves will enable the market share for British and Continental steel stockholders to rise to even higher levels

The most important new contribution to steel industry forecasting from NASS is the statement that "the four-year-old steel industry recession may have become the established norm."

BEN WRIGHT REPORTS THE OPEN GOLF CHAMPIONSHIP AT LYTHAM

Longmuir's 65 makes him first-day hero

THE 108TH OPEN found a refreshing first-day hero in Bill Longmuir, a 26-year-old Scotsman, born in Basildon, Essex, who scored a marvellous 65, six under par, before midday. The North-west wind was always troublesome, particularly on the inward half.

Longmuir's round equalled the course record in an Open Championship at this underrated course. It equalled the Open outward half record of 29. The Scot had never broken 30 before. He putted like a magician on perfect greens, taking 13 putts on his outward half and 14 coming home.

Longmuir, the son of a Scottish professional footballer, did not come on to the tour until 1976. Since then he has struggled to make ends meet.

Before coming on the tur he drove a furniture lorry for six months. His first trip abroad was financed by winnings in two contests at discotheques in Essex. A friend who owned a club awarded Longmuir the title of Mr. Basildon and then the Scot progressed to Southend-on-Sea to win the title of Mr. Tots at a night club called the Talk of the South.

On this occasion Longmuir was required to give a golf lesson to Miss Fiona Richmond, the actress, and the £300 prize money enabled him to make a trip to Africa on which he won the Nigerian Open, while a revolution was in progress in that country.

BILL LONGMUIR
His 65 equalled record

Longmuir won a minor tournament in New Zealand the same year, but has won nothing since, his best performance being third in the 1978 Belgian Open.

Longmuir's round was three shots better than that of Hale Irwin, U.S. Open champion, who was followed by Jerry Pate, former U.S. Open champion, on 69. Defending champion Jack Nicklaus had a hole in one with his five iron at the 212 yards fifth hole, and reached the turn in 32, three under par. But he fell foul of the more difficult inward half, taking 40 shots. His countryman Ben Crenshaw also scored 72.

Longmuir, 42nd in the European order of merit, qualified for the championship for only the second time in five attempts with rounds of 67 and 69 at Lytham Green Drive on Friday and Saturday.

He admitted he had not been playing well after two practice rounds here, and his 65 came as a very welcome surprise. The fireworks started at the third hole, which was the first of five consecutive birdies. Longmuir holed from eight feet behind the stick after a fine six iron shot downwind to the green at this 458 yard par 4.

He then hit his best shot of the day, a two iron shot into the teeth of the wind at the 393 yards par 4 fourth. The ball again finished eight feet from the hole and down went the putt.

Longmuir holed a snake from 40 feet for a two at the fifth, blundered his way down the right-hand side of the sixth but holed out from 15 feet for a birdie. Downwind to the 551 yards seventh, he required only a four iron to reach the centre of the green with his second shot, and only just missed the 20 foot putt for an eagle three.

The eighth passed in a par 4 four, then Longmuir birdied three of the next four holes to go eight under par. At the short ninth a marvellous nine-iron shot left him with a seven foot putt for his birdie. He holed from eight feet at the next after a similarly splendid six-iron shot. The 201 yard 12th hole presents one of the toughest shots on the course to a plateau green in a cross-wind from left to right, and Longmuir hit a lovely three-iron shot 4½ feet from the hole for his third two.

Now all the hard work had to be done, and Longmuir was equal to the task. A stroke got away from him at the 14th which he played very untidily, but at the 468 yards 15th—directly into the wind—he saved a potential disaster with a 20 foot putt for a five, thus dropping only one stroke.

At the 453 yard 17th, he did not reach the green with two wood shots, but saved his par with a courageous 18 ft putt.

Irwin's score was made possible by an inward half of 33 shots, three under par, for which many a player would have paid a king's ransom—especially perhaps Gary Player and his son Wayne, who took 82 shots between them for the same distance.

Pate told me how desperately anxious he is to redeem himself in this country after a succession of miserable performances here as an amateur and professional. I think he will come close to winning if he can maintain his quiet rhythm in the likely wind.

But do not discount Nicklaus. He was rather ragged when inspiration left him yesterday but is in a splendid frame of mind.

Bonds top £35,000

THE COLLECTORS' craze of buying defunct bonds and share certificates reached a peak yesterday when sales at a Stanley Gibbons auction topped £35,000.

Gibbons offered 325 lots estimated to be worth £27,000. But even Gibbons was surprised when two 1908-dated Imperial Chinese Government loans signed by the Hong Kong-Shanghai Bank, estimated to sell at £200, realised nearly £1,000 each.

Chinese bonds proved extremely popular with collectors. The highest price paid was £3,100 for a Chinese Government Vickers Treasury bill issued in 1919 and estimated to sell at £3,000. A similar 1918 Marconi Treasury bill sold for £2,900.

Carriage clock fetches £48,000 at Christie's

SOME GOOD PRICES were paid in London salerooms yesterday. At Christie's a silver cased grande sonnerie striking carriage clock of around 1900, made by Nicole Neilson of Soho Square, sold for £48,000 to Mannheimer, the Swiss dealer. A virtual pair realised £5,200 in 1971.

Partridge Fine Art paid £32,000 for a grande sonnerie striking walnut longcase clock with a dial by Thomas Tompion, and Dolphin Antiques of London £11,000 for an early 18th century astronomical ebony bracket clock by Joseph Williamson. A Japanese drum clock went to Howard, the American dealer for £9,500. The sale of clocks totalled £344,035.

At Sotheby's two panels painted by William Blake were sold to Agnew for £51,000. Winter, measuring 35 by 12 inches, fetched £30,000; Evening, £21,000. They were intended for the fireplace of Yaxham Rectory, Norfolk, the home of the Rev. John Johnson, and were sold yesterday by his descendants. They were for some years on loan to the Tate Gallery.

SALEROOM

BY ANTONY THORNCROFT

The highest price in the auction of English pictures was the £48,000 from Baskett and Day, the London dealers, for one of only two surviving landscape studies by Stubbs—Newmarket Heath with the Rubbing Down House, painted around 1764-65.

At Phillips a gold lacquer and Shibayama cabinet was bought by a Japanese dealer for £4,800, while an ivory mounted lacquer and Shibayama two-fold screen realised £2,700. In a pot lids sale a rare Soyer's Relish vase of triangular sections sold for £700.

A major arts and antiques exhibition is to take place at Somerset House in November under the sponsorship of the Trust House Forte Group. It will compensate for the Grosvenor House Antiques Fair cancelled because of an industrial dispute in June.

All ship-shape for Bristol wine fair

BY EDMUND PENNING-ROWSELL

BRISTOL has been a major wine port since the days of King John at the beginning of the 13th century, so its dockside provides an appropriate setting for the second wine fair that opens tomorrow until Saturday week.

Considerably larger than last year, with 400 exhibitors offering wine from 28 countries on 160 stands, this palate-numbing display demonstrates the immense variety of wine produced throughout the world.

There are claims that about 2,000 wines will be available for tasting at Bristol.

As the fair is a trade show, as well as a public display, it also shows the importance that growers and merchants in the wine-producing countries place on the British market and its potential growth. For alongside the capacious Italian pavilion and the terraces of the French wine stand there are those offering the produce of Argentina, Brazil, Catalonia, Turkey and the Lebanon.

Although there are rarities dipslayed with suitable reverence—such as a line of 19th-century vintages of Lafite on Christie's stand—the emphasis throughout is on moderately priced wine likely to delight the public palate and its purse. The 100,000 visitors expected are likely to go away re-assured that good wine can still be bought at very reasonable prices.

The £3.50 entry ticket carries with it a tasting glass and ten vouchers for free tasting, which are unlikely to exhaust the visitor's thirst, though thereafter they may buy by the glass. A notable omission are spittoons.

While important foreign shippers and leading British wine companies are well represented, the fair also gives an opportunity for the small, independent retailers, often from the country, to attract a wider public.

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Airport go-ahead 'vital next year'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A GOVERNMENT decision on the third London airport is essential next year if the airports system in South-East England is not to become clogged by the mid-to-late 1980s, Mr. Norman Payne, chairman of the British Airports Authority said yesterday.

Before then, however, approval of the plan for a fourth passenger terminal at Heathrow, to raise that airport's capacity from 30m to 38m passengers a year, is essential this autumn.

Mr. Payne said that next year would be crucial for London's air traffic. Heathrow would be operating at its maximum capacity of 30m passengers a year, and the time needed to develop a third key airport meant that even given a go-ahead next year, it could not be ready until 1987.

Mr. Paynke, speaking at a Press conference, said that in 1978-79, the authority earned a pre-tax profit of £29.4m, its 13th successive profit, with an overall rise in traffic of 14 per cent in the year to the end of last March.

He said that even taking into account recent oil-price rises and their likely effect on air travel, traffic growth would continue through the 1980s, although perhaps slightly more slowly than originally expected.

Heathrow, Gatwick, Stansted and Luton would therefore together have to cope with some 59m passengers a year by 1985, rising to 77m in 1990 and 90m or more in the early 1990s.

Yet even allowing for a fourth passenger terminal at Heathrow and the planned second terminal at Gatwick capacity available in the mid-1980s would be between 60 and 65m passengers a year.

London would thus face a capacity shortfall of several million passengers a year by the early-to-mid 1980s.

Before next year, the authority wanted clearance to build a fourth passenger terminal at Heathrow, for without it, the airport's already severe congestion would become intolerable.

The authority believes that transfers by some airlines to Gatwick, south of London, is essential if congestion at Heathrow is to be relieved.

Last year 26.6m passengers used Heathrow and an increase is certain in the present year. The authority has no doubt that saturation will be reached next year.

Although some redistribution of traffic between the three existing terminals at Heathrow has been proposed as a further means of easing congestion, with more traffic at Stansted, the authority believes that airlines can no longer avoid the decision to move some operations to Gatwick.

With its £100m redevelopment programme complete, Gatwick's "charter image" has gone, and the authority believes that airlines that move there will be going to one of the world's best airports.

Commenting on the authority's financial results in the year to end-March, Mr. Payne said that although profit on commercial operations such as duty-free shops, car parks and trading concessions rose by 24.6 per cent to £42m, traffic operations, including landing and aircraft parking fees, resulted in a loss of £11.4m.

One reason for the latter was that during 1978-79 fees were deliberately held down, in spite of inflation. Landing fees were raised only last April 1, by an average of 6 per cent, considerably less than the current inflation rate.

Mr. Norman Payne

Total income of the authority, at £162.2m, was up by 29.7 per cent, but part of that reflected the aviation security fund, which the authority collects on behalf of the Government, and which inflated the income figure artificially. "True growth (in income) therefore is 17 per cent."

Ray Perman, Scottish Correspondent writes: The four Scottish airports run by the British Airports Authority (Edinburgh, Glasgow, Prestwick and Aberdeen) lost £7.8m last year, although their traffic increased.

The annual report of the Scottish Airports Authority, published yesterday, shows that the number of passengers using the four airports rose by 18 per cent to 4.9m people in 1978-79.

The amount of cargo handled also rose by 19 per cent but the operating loss rose by £1.3m from the £6.5m lost in 1977-78.

Mr. Bill Gregson, deputy chairman of the authority, responsible for Scotland, said that it had been decided to apply to the Department of Trade for permission to increase landing charges by 15 per cent from November 1 and a further amount from April.

The losses stem from increases in local authority rates, wage costs, and the extensive modernisation programme that has expanded the capacity of the Scottish airports ahead of the rise in traffic.

Mortgage rates freeze welcomed

By Michael Cassell

BUILDING SOCIETIES have taken a sensible medium-term decision by raising the investors' ordinary share rate to 8¾ per cent and delaying any increase in the mortgage rate, according to Mr. Leonard Williams, chief general manager of the Nationwide Building Society.

Mr. Williams, who is also chairman of the Building Societies Association, said yesterday that the ¾ per cent increase in the investors' rate "just possibly might not be enough to restore a large inflow of money." But he thought that, over a six-month period, the structure should be more than sufficient to ensure a good inflow."

Mr. Williams, who was presenting the six-month results for his society in London, hoped that interest rates in the economy generally would start to fall by the autumn and would be substantially lower by the year-end.

Commitments

The higher interest rates for investors should enable the societies to keep lending at about the same rate achieved so far this year.

For most of 1979, societies have been lending about £700m a month although the figure moved beyond £750m in May and June, and monthly mortgage commitments have now risen to over £770m.

If the Government's policies for controlling inflation proved successful, house buyers could look forward to more loans being available in the coming months, he added.

Nationwide assets rose by £313m (9½ per cent) to £3.61bn in the first half of 1979. Gross receipts rose by £162m (23 per cent) to £861m with net receipts reaching £287m, a 15.7 per cent increase on the same period a year earlier.

Mortgage advances rose by 8 per cent during the first six months to £377m, although rising house prices meant that the number of loans—at 30,264—was 9 per cent down on the first six months of 1978.

Move to clarify consumer rights

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PROPOSALS FOR clarifying the laws governing consumers' rights when buying defective goods were put forward yesterday by the Law Commission.

In a report on the implied terms in contracts for supplying goods, the commission recommends that the consumers' rights should be the same whether his contract is one of sale, hire-purchase, exchange, or for work and materials.

The commission recommends that those rights should be clearly laid down by statute.

The commission favours in principle a new statutory obligation on suppliers to supply goods that are reasonably durable. However, implementation of the proposal is likely to be considerably delayed because the commission is carrying out further research into the Sale of Goods Act requirements concerning quality of goods, which are closely linked to durability.

The commission's main recommendation, for clarification of consumers' rights in supply of goods, is intended to define that "grey" area of law.

At present, for example, if someone buys bath taps from a hardware shop and fits them himself, he will usually be able, if there is a defect, to rely on his statutory rights under the Sale of Goods Act, 1893; to claim compensation or his money back from the retailer.

But if that person employs a plumber to supply and fit the taps, then, if there is a fault, the law is not clear as to the consumer's rights.

The commission recommends that wherever ownership of goods is transferred, the supplier's obligations should be the same. It argues that it should make no difference whether the supplier sells the goods, exchanges them for other goods (barter) or works on them as well.

Recommended

The commission also recommends legislation to ensure that the customer's rights are broadly the same, whatever the type of transaction, and that those rights are clear and certain.

However, the commission has decided against recommending a new statutory obligation on suppliers to keep spare parts available and to supply servicing facilities. The commission believes that it is more practicable for that area to be subject to voluntary codes of practice agreed between manufacturers and the Office of Fair Trading.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, said yesterday that she was considering the Law Commission's proposals. If adopted, they would mean a significant extension to the statutory rights of consumers.

The Law Commission: Implied Terms in Contracts for the Supply of Goods. HC No. 142, Stationery Office, £2.50.

Laboratory opened for micro-research

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH UNIVERSITIES now have access to a national laboratory comparable with anything the U.S. or Japanese industries can offer for research on silicon chips and the design of microprocessors.

This laboratory, part of the Science Research Council's Rutherford Laboratory near Didcot, was opened yesterday by Mrs. Shirley Williams, Secretary of State for Education and Science in the last Government.

The laboratory is equipped with a machine said to be capable of making microcircuits with several hundred times as many "components" as can be packed into present-day chips.

This machine—called the microfabricator—has been purchased from Cambridge Instruments at a cost of £320,000—half the cost of the new laboratory.

It will work in harness with four "centres of excellence" the Science Research Council has selected from among 44 British universities with engineering departments.

These are the universities of Edinburgh and Southampton, which will specialise in the processing of silicon, the raw material of microcircuits; Sheffield, which will specialise in alternatives to silicon; and Surrey, which will specialise in the "doping" of silicon by ion implantation to make microcircuits.

The Science Research Council has already identified five broad areas which it believes are ripe for more university research.

Buildings tax plea

CHANGES are needed in the tax structure, particularly in relation to capital taxation and VAT, to help the repair and restoration of historic buildings, says the Historic Buildings Council in its annual report.

Mrs. Jennifer Jenkins, chairman, called on businesses to bring old buildings back into use and asked the Government to consider tax incentives to help achieve this. She said the anomaly whereby VAT is payable on repairs but not on new building militates against much that the Government is trying to do in conservation and housing rehabilitation.

In the eight months since the Government introduced grants to assist maintenance and repair of churches in use, more than 450 applications were received. The first year's allocation of £350,000 was distributed to 65 churches.

Common Energy Policy 'would benefit Britain'

BY OUR ENERGY EDITOR

HOARE GOVETT the stockbrokers say Britain would benefit substantially if the European Economic Community could establish a Common Energy Policy.

The firm suggests in a discussion paper that under a CEP a tariff could be placed on energy imports. This would be progressively raised so that indigenous energy sources, such as German brown coal, would become increasingly viable.

A guaranteed price for energy would help ensure the development of energy projects which were at present only marginally viable. In turn the revenue raised by the tariff could finance the development of community energy sources, conservation measures and research and development of alternative energy sources.

EEC ENERGY RESERVES

	Annual use	Reserves*	Years of life	UK reserves†
Oil (bn barrels)	4.0	17.0	4-5	90%
Gas (bn cubic metres)	192	3,022	16	24%
Hard coal (m tonnes)	284	82,000	290	55%

* Reserves are based on what is believed to be technically recoverable.
† As a percentage of Community reserves.

Source: Hoare Govett

Call to help elderly with heating

BY RAY DAFTER

GREATER GOVERNMENT help for the elderly who could face home heating problems this winter is called for in a Commons motion tabled by an all-party group of MPs.

It calls on the Government to review the system of fuel allowances and urges the formation of a scheme to help the elderly insulate their homes.

"This is just the first step to urge the Government to act now before we again find ourselves in the midst of a cold, and for pensioners, a dangerous winter," said Mr. George Foulkes, Labour MP for South Ayrshire and principal sponsor of the motion.

At the same time North West Gas Consumers' Council yesterday called for an emergency fund to help victims of gas explosions. It should be established without reference to any question of liability, the council said.

DECISION FOR 'COMPLETE FREEDOM OF CHOICE'

Chancellor details changes in exchange controls

A FURTHER big step in phased relaxation of exchange controls was announced yesterday by Sir Geoffrey Howe, the Chancellor.

In a Commons written answer Sir Geoffrey revealed his decision "to allow complete freedom of choice in the financing of outward direct investment" and a series of "significant steps towards liberalising outward portfolio investment."

This is in line with the Government's intention, stated in the June 12 Budget speech, "to take further steps, as circumstances allowed, in the progressive dismantling of exchange control." Several changes affecting direct investment and individual capital transactions were announced in the Budget.

The answer says that:

From today official exchange will be available without limit for all outward direct investments; and foreign currency borrowing taken at any time to finance such investments eligible for repayment with official exchange.

In portfolio investment, also from today, official exchange will be available for investment by UK residents in most securities denominated and payable solely in the currencies of other EEC countries.

Second, official exchange will be available for investment in foreign currency securities issued by international organisations of which the UK is a member, including those issued by European Community institutions and the World Bank.

One consequence will be that the sale proceeds of existing and new holdings of such securities, however acquired, will no longer be eligible for sale in the investment currency market.

Third, foreign currency borrowing taken by UK residents to finance outward portfolio investment and which has been outstanding at least one year as of today will be repayable with official exchange. As in the case of last month's measures, these changes were discussed with the Commission of the European Communities.

A relatively minor change is being made affecting outward portfolio investment. UK residents who hold foreign currency securities classified as "restricted securities" (the sale proceeds of which have hitherto had to be surrendered for sterling at the official rate) are now permitted to re-invest the proceeds of sale of such restricted securities in any other foreign currency securities.

The background to yesterday's changes is that exchange controls are maintained under the Exchange Control Act 1947, based on the Defence (Finance) Regulations 1939. The controls are administered by the Bank of England as agents of the Treasury.

The Bank's expenses are reimbursed from a Treasury Vote (£16m for 1979-80). A number of control functions are devolved to authorised banks (now about 270) and authorised depositaries (about 40,000, including banks, stockbrokers and solicitors).

£5m 'ration'

Outward direct investment Among the measures announced on June 12 a general annual "ration" of £5m of official exchange per project was introduced. This was expected to cover the needs of most investors (perhaps about 90 per cent of all cases). The main effect of yesterday's announcement was that there would now be complete freedom to choose the way in which outward direct investment was financed.

Applications to make outward direct investments (i.e., outside the scheduled territories of UK, Channel Islands, Isle of Man, Republic of Ireland and Gibraltar) will still have to be made to the Bank.

Outward portfolio investment In making official exchange available for purchase of certain kinds of foreign currency security, the changes represent the first significant stage in relaxation of controls on outward portfolio investment. (Two relatively small changes were announced on June 12.)

Official exchange has not hitherto normally been available to purchase foreign currency securities. Investment in foreign currency securities other than those for which official exchange is now available will still, in general, have to be financed with investment currency, paying the premium, or with foreign currency borrowing.

The international institutions referred to earlier are the EEC: European Investment Bank; European Coal and Steel Community; European Atomic Energy Commission; Council of Europe; Asian Development Bank; Caribbean Development Bank; Inter-American Development Bank; and International Bank for Reconstruction and Development (World Bank).

Most securities denominated and solely payable in currencies of other EEC member States will be purchasable with official exchange.

The main exceptions are units in unit trusts, shares in mutual funds, and securities of companies whose principal business is portfolio investment in securities, either direct or through subsidiaries.

These are excluded because otherwise UK institutions, such as the unit trusts, would be put at an unfair disadvantage compared with their counterparts in other member States, where, in many cases, controls on outward portfolio investment are less restrictive than in the UK.

Securities which are not quoted on a recognised security market are also excluded from the general permissions now given, but this is because, in the absence of any recognised market price, their purchase with official exchange might provide opportunities for evasion of the remaining controls. Transactions in such securities have to be authorised individually by the Bank of England.

The category of "restricted securities" is fairly small. It comprises a number of kinds of foreign currency security, none of which can be sold with the benefit of the investment currency premium. It includes, for example, securities acquired by UK residents from non-residents' sources by way of gift, distribution under a will, etc.

EEC obligations—The relaxations, taken together, represent a further substantial move toward meeting in full the UK's obligations on capital movements under the EEC Treaty. To the extent necessary, the remaining restrictions are covered by the Commission's authorisation under Article 108 of the Treaty.

Effect on balance of payments—The effect of the relaxations on the balance of payments cannot be predicted at all precisely.

This will depend on the extent to which the new facilities are used and thus partly on confidence in sterling. Some outflow on capital account may be expected which would not otherwise have taken place. In due course, any capital outflow should be offset by an improvement in the current account.

Plan to attract Manxmen back to Isle of Man

THE ISLE OF MAN Government, faced with a shortage of skilled people for both the commercial and manufacturing sectors of the economy, is considering a scheme to attract Manxmen who have left the island, to return home and fill vacant skilled posts.

The scheme was proposed by the island's industrial advisory council whose latest report shows there is a shortage of skilled labour which is hampering industrial and commercial expansion.

The council believes there is a need for further expansion in manufacturing to help create more well-paid employment for the whole year. It also considers there is a reasonably diversified mix of industry on the island with the expansion of technology.

PAUL TAYLOR DISCUSSES THE ROYAL COMMISSION'S REPORT

Challenges facing the NHS

THE LONG-AWAITED report from the Royal Commission on the National Health Service represents a bold but commonsense approach to the major problems and challenges facing the NHS.

Some of the 117 recommendations made by the 16-man commission chaired by Sir Alec Merrison will, if implemented, bring fundamental changes to the internal financing arrangements and structure of the NHS. However, throughout the 500-page report the emphasis is on improving efficiency and providing a better service for patients.

Although it is carefully worded and studiously avoids the political dogma contained in some of the 2,460 written submissions considered by the commission, the report confronts many of the controversial areas of health policy and is likely to generate a political storm in the wake of some of its recommendations.

The Government will be politically embarrassed by some recommendations: in particular the decision to advocate the "gradual but complete extinction of charges"; a major hospital building programme over the next 15 years; which will inevitably involve additional public expenditure; and the rejection of insurance funding.

However, the Government will also find much that is acceptable within the report, particularly on internal financing arrangements, the recommendations for slimming down the bureaucratic structure and on industrial relations.

Costings

Perhaps the most glaring weakness in the report—and one which the commission maintains was inevitable—is the failure to provide detailed costings for the recommendations.

The commission broadly accepts that the NHS is short of funds and argues that while there is room for improvements in the use of resources there is also a need for additional resources to be devoted to the health service as the national income grows.

While stating that if its recommendations were adopted this would "add significantly to NHS expenditure," the commission adds that these additional resources would be justified by the benefits which would flow from them.

MR. PATRICK JENKIN
Social Services Secretary

Much of the Government's attention and particularly that of Mr. Patrick Jenkin, Health Services Secretary, will undoubtedly be focused on the pronouncements on NHS financing but as the commission says it has only been able to make "the most rudimentary estimates" of the cost of its proposals, implementation of some may be delayed or others shelved.

On how the NHS should be financed, the commission says it is "not convinced" that the claimed advantages of insurance finance or substantial increases in revenue from charges "would outweigh their undoubted disadvantages in terms of equity and administrative costs."

Expenditure on the NHS in 1978-79 was about £8.1bn—or £140 for every person in the UK. Over 94 per cent was revenue expenditure with only about £460m spent on hospital building and other capital development.

Almost 90 per cent of NHS costs was funded through general taxation and while the commission states categorically that "it is for Government to decide how the NHS should be funded," it makes a strong case for retaining the present system.

Similarly the commission says that before the prescription charge increases announced in the Budget last month charges raised about £125m a year or about 1.6 per cent of NHS costs. Higher prescription charges, says the commission, "could well discourage patients from seeking help when they really needed it," and that because of the "irrational structure of charges" there is a good case for a phased withdrawal of all charges.

On the distribution of NHS resources the commission says that although the system has become "fairer" since the founding of the NHS "there is still some way to go." The formula used for distributing resources determined by the Resource Allocation Working Party must be open to public scrutiny and be the subject of informed debate. It recommends that a select committee on the NHS be set up to examine "health ministers, civil servants and expert witnesses."

Accountability

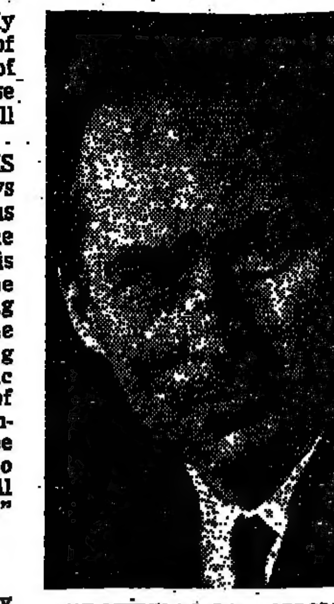
To improve accountability the commission suggests that formal responsibility for the day-to-day provision of services should be given to the regional health authorities—the second tier in the administrative structure immediately below the Department of Health and Social Security.

As expected it also recommends that the administrative structure be simplified by abolishing, in most instances, one of the two lower administrative tiers—a process to be completed within two years.

Although advocating a "flexible" reappraisal of the structure, in most instances this would probably result in the abolition of intermediate area health authorities standing between the regions and the bottom tier—the district health authorities. This suggestion will meet with general approval from the Government as will the proposal that health departments should encourage experiments with budgeting and, in particular, allow health authorities to hold over balances made through savings from one year to another.

Perhaps more surprising is the commission's decision to recommend the abolition of the family practitioner committees—the bodies which administer the contracts and terms of service of family doctors, dentists, opticians and pharmacists—with the health authorities assuming their functions. This would allow a more integrated and direct control of primary health care financing.

The findings on the relationship between the NHS and private practice will inevitably be one of the most controversial sections of the report although the commission appears to go out of its way to play down the significance of the growing private medicare sector.



PROFESSOR MERRISON
Commission chairman

It says: "It was clear to us that the private sector was too small to make a significant impact on the NHS, except locally and temporarily." This statement is based on figures which suggest that private health care expenditure in the UK in 1978 was between £134m and £200m, representing about 3 per cent of the total expenditure on health care in that year. Nevertheless the commission states that the private sector probably responds more quickly than the NHS to patients' demands for services and therefore provides a useful pointer to areas in which the NHS is lacking.

This is particularly true of abortions, over half of which are undertaken privately, and it therefore recommends that the NHS should set a target for performing about 75 per cent of abortions over the next few years. The NHS could also make improvements in the provision of facilities for the elderly.

While the commission appears to specifically avoid recommending the continued abolition of pay beds—this would be in direct contrast to the Government's current policy—it does argue that pay beds are underpriced.

Although pay bed charges are set to reflect the full cost of providing the facilities for private medicine in the NHS, the report says the present method of determining charges is inadequate and that charges should be increased to cover the full interest and depreciation cost of the capital investment involved.

Also advocated is an extension of common waiting lists to all hospital patients and a wider role for the Health Services Board providing it with extra powers to oversee all private hospital developments.

On industrial relations the commission states: "We are in no doubt that industrial relations in the NHS are in need of improvement. "At local level adequate machinery and staff are "often lacking," and urgent action is needed. Although ruling out no-strike agreements as a way to improve industrial relations, the report recommends a major TUC review of the machinery.

The major recommendation made on the provision of services by the NHS is that the Government should find extra funds to permit a more rapid replacement programme for hospital buildings over the next 15 years and that "they should stick to their plans."

More funds are also needed to improve primary health care, particularly in the declining inner city areas, and the Government is urged to state categorically that no mental illness hospitals will be closed unless there are specific reasons for closure.

Charges

The commission also urges that charges for NHS items should be more prominently publicised by opticians; that chemists should be encouraged to set up shop in health centres; and that there should be stronger controls over the advertising of food and drink which could lead to "undesirable dietary habits."

Among recommendations specifically affecting family doctors, the report suggests that doctors' deputising services should be kept under close review; that doctors should be given an approved or limited list of drugs for prescription; and that a compulsory retirement age should be introduced for GPs.

Wider safeguards for patients through strengthening the powers of the community health councils is recommended and, on wider matters, making seat belts compulsory, and introducing fluoride in all water supplies.

The commission concludes that improvements can be made in the NHS but there is much of which "we can all be proud."

The service compares well with health services overseas, and the recommendations, if adopted, "will make the NHS more suited to caring for the health of the nation now and in the future."

Royal Commission on the National Health Service: HMSO £8.

Meat group director suspended

By Christopher Parkes

MR. GEORGE MORLEY has agreed to his suspension from the board of the Harris division of FMC—Britain's biggest meat slaughtering and distribution business — because of a possible conflict of interest over his leading a bid to save a Scottish bacon factory from closure.

Mr. Morley is prepared to back the rescue attempt for Lawson of Dyce, a Unilever curing works scheduled to close this year, with an undisclosed personal investment. He is asking Aberdeenshire farmers and co-operatives to contribute £1m.

Unilever has agreed to postpone the closure until November to give the proposed consortium time to raise the necessary funds.

If they succeed in taking over Lawson, the rescuers plan to modernise the plant, bring it up to EEC standards and save as many as possible of the 600 jobs at risk.

Mr. Morley is director of processed foods in the FMC Harris division. FMC, controlled by the National Farmers' Union Development Trust, produces about 26 per cent of British bacon.

Relief road plan 'subject to normal process'

THE GREATER London Council has decided not to seek special Parliamentary powers to speed up the planning process for building the five-and-a-half-mile Docklands southern relief road.

Mr. Alan Greengross, chairman of the council's planning and communications policy committee says the road plan would be subject to the normal planning procedures, including a public inquiry if necessary.

The council considers the £130m road—to run from Bermondsey to Woolwich—fundamental to its docklands strategy. The London boroughs of Tower Hamlets and Southwark object to the road in principle and feel it will blight jobs and housing.

Mr. Greengross says that if the building of the road were to be frustrated the council would have to reconsider its entire commitment to the dockland area.

Safety at Work Act 'hampers industry'

FINANCIAL TIMES REPORTER

BRITISH INDUSTRY is suffering from increased manufacturing and design costs because of the 1974 Health and Safety at Work Act.

However, accident rates have not fallen to a significant degree since the Act's introduction according to a survey of 100 manufacturing companies by The Engineer magazine.

Higher pay

The survey shows that more than 60 per cent of the companies experienced increased production costs, while 50 per cent spent more on product design because of the burden the Act places on factory managers and designers.

In addition, more than 25 per cent claimed that productivity had dropped because of safety requirements laid down under the Act.

Companies also fear that the appointment of trade union members as safety representatives—which became effective last October—will turn safety into an industrial relations issue.

Some companies believe that union safety representatives will use their new powers to press for higher pay for members in dangerous jobs rather than improve working conditions.

The only impact made by the appointment of safety representatives so far has been an increase in the number of minor complaints and more frequent visits by factory inspectors.

One positive effect of the Act has been a slight improvement in industrial relations reported by 33 per cent of companies compared with 10 per cent claiming worsening relations.

Shelter urges revision of council house sales

FINANCIAL TIMES REPORTER

SHELTER, the organisation for the homeless, yesterday called on the Government to rethink its council house sales policy, which it says is facing growing opposition from local councillors of all parties.

The group said that over 40 years the cost of the Government's sales target could be £3bn—which would have to be met by taxpayers, ratepayers and council tenants.

Shelter's report Facts on Council House Sales recommends that local authorities should sell properties only to sitting tenants, and that proposed discounts of up to 50 per cent be reduced.

It adds that the proposed five-year redemption period—during which the council has right of first refusal if the house is re-sold—should be lengthened.

A Shelter official said Caradon District Council, an Independent-controlled authority in Cornwall, had recommended that the period be increased to 15 years, to prevent large profits from the sale of former council houses as holiday homes.

Shelter said mass sale of council homes would lead to the best properties being sold—reducing transfer opportunities for young families or those disabled who were "trapped in tower blocks."

Sales would mean that households on council waiting lists would have to wait longer for decent homes and that "in some areas councils adopting this policy will be unable to meet their statutory housing obligations to the homeless and those in slums, much less house anyone from the waiting list."

Parents blamed over grants

COY PARENTS were blamed for depriving their children of Government-financed university and college grants and threatening their chance to go to university.

The Association of County Councils said some students were being deprived of their full grant entitlement because their parents will not disclose their salaries on grant application forms.

Students are entitled to a grant of up to £1,485 as from next Sepember if they study in the London area or £1,245 outside London. But if they do not provide the salary information, only a minimum award of £335 can be made.

Miss Sue Edwards, grants officer for the National Union of Students, backed the ACC. "It's a real problem," she said.

Some employers fear impact of union reform

BY CHRISTIAN TYLER, LABOUR EDITOR

SOME EMPLOYERS are privately expressing concern that the Government's proposed trade union reforms will not help their own industrial relations. They may also prove reluctant to use the courts once new legislation is introduced.

Their disquiet about some of the Government's plans is likely to be reinforced by the TUC's own reaction to the proposals for loosening the closed shop and restricting the immunity from civil action in the courts enjoyed by trade unions.

Yesterday the TUC's employment policy and organisation committee unanimously approved a detailed reply to the Government's working papers in what one union leader said was a "very angry" mood.

The Government said the picketing proposals, which the Government had claimed were directed only at "secondary" industrial action, would have profound implications for first-hand action as well.

The closed shop proposals would make it very difficult to establish effective new closed shops, and could encourage breakaway organisations and lead to unstable bargaining arrangements.

The CBI has already told Mr. James Prior, Employment Secretary, that legal changes should be restricted to "secondary picketing," and not deal with other indirect action such as blacking. The TUC claims the wider change propos would virtually remove the rig tot strike from many worke

CBI officials are consulti their members for a full response to the plans. T Engineering Employers' Fede tion, an influential constitue will prepare its case next we when it is expected to voi considerable doubts of its ov

Unles the Government dro some of the more far-reachi proposals during its discussio with employers and unions talks which the TUC committ is recommending should c tinue—it could face a campai of Industrial Relations Act p portions by the unions, a forfeit the co-operation many employers.

Power engineers settle for 23½%

By Gareth Griffiths, Labour Staff

A THREE-STAGE 23½ per cent pay settlement for 27,000 power engineers who control the country's electricity grid were announced yesterday by the Electricity Council and the Electrical Power Engineers Association.

A 12 per cent payment is to be backdated to February 1, another eight per cent to be paid from September 1, and 3½ per cent from November 1. The rest of the union's claim, ranging from 32 per cent to 40 per cent to restore differentials, will go to arbitration.

Mr. John Lyons, the association's general secretary, said the settlement had come out reasonably well. He repeated the need to maintain his members' differentials.

Unions representing 96,000 manual workers in the electricity union have said they want the same level of increase as offered to the power engineers. They have been offered a two-stage 16 per cent deal.

The Electricity Council said the cost of the deal so far was £29.1m Before the settlement, power engineers earned from £3,700 to £10,600 per year. The arbitration board would look at internal relativities but a date for a sitting had not been set.

Post Office near deal for 6,000

By Philip Bassett, Labour Staff

THE POST OFFICE is close to clinching a pay deal for 6,000 telecommunications staff which could lead to the end of industrial action which has stopped all computer-processed telephone bills since early April.

Talks with the Society of Civil and Public Servants have now reached a final stage, and the union's executive appears to be moving rapidly towards accepting a deal which will give rises of up to 20 per cent for some grades.

A deal would be likely to be put to the union's Post Office members for consultation before final acceptance early next month.

The offer provides for basic rate increases of 9 per cent, with 5-7 per cent for grade restructuring, 2 per cent for productivity, 2½ per cent for changing their settlement date and other smaller improvements.

The executive of the Civil and Public Services' Association—some of whose 37,000 Post Office members have held selective strikes and halted the computer-processed bills—is likely to meet early next week to ratify a settlement based on a similar offer.

However, increases for some CPSA grades under the offer could disturb relativities with members of the Post Office Engineering Union.

Clearing banks dra[w] near pay settlement for clerical staffs

BY NICK GARNETT, LABOUR STAFF

THE ENGLISH clearing banks took a further step yesterday towards a final, if untidy, settlement with their 200,000 clerical, computer and managerial staffs with Lloyds making a higher offer in total than mediation proposals already made at the Midland.

The Lloyds offer was accepted yesterday by the bank's staff association, the largest representative body in the bank, and will almost certainly be agreed by the executive of the Ba ing, Insurance and Fina Union next week.

National Westminster, W liams and Glyn's and Barcl are virtually certain to foll Lloyds. This would leave M land, where negotiators for t banking union and the Asso tion of Scientific, Technical a Managerial Staffs have alre accepted mediation pay pro sals, subject to ballot.

As the mediation propos for Midland are inferior to t Lloyds offer for higher gr staff, these two unions will pressing Midland to match t settlement in Lloyds.

The Lloyds offer is the sa as the Midland proposals grades 1 to 4 clerical sta 15 per cent new money salaries, consolidation of 2½ cent of an existing 5 per c productivity payment with remaining 2½ per cent paid an annual bonus.

Unlike the Midland posals, however, which inv the same offer to all staff, Lloyds offer entails 17½ cent, rather than 15½ per c new money for staff grade 4.

The deal would run for months until April and w be worth an extra £600 senior cashier, for example.

The Lloyds proposals h been conditioned by the ex ence of a staff associa which has a much hig representation among se staff including sub-mana and managers than the bank union and has been see improvements in different Barclays and National W minster also have staff ass tions seeking widened diffe tials.

ITV faces black-out as talks fail

INDEPENDENT Television is threatened with a total black-out next week after talks with broadcasting unions on a new national wage deal broke down yesterday.

Electricians at ITV have threatened to go on strike on Monday after their union—the Electrical, Electronic, Telecommunication and Plumbing Union—rejected an offer of around 9 per cent "across the board" for all staff.

The National Association of Theatre, Television and Kine Employees, another union in pay talks, is understood to be planning a work-to-rule from Monday.

The broadcasting unions were asking for a 35 per cent increase but it is believed that this figure has now been cut to about 20 per cent.

British Rail 'lacks £20m for pay consolidation'

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL warned yesterday that this year's £103m pay settlement had taken its finances to "the absolute brink" and that it could not meet union claims for consolidation which would cost a further £20m.

The rail unions were presenting their claim to the Railway Staff National Tribunal for consolidation of the remaining £4 of a £6 supplement from Stage One of the last government's series of pay controls.

The first £2 was consolidated into basic rates as part of this year's pay settlement. The Board has offered to consolidate the remainder as part of next year's settlement.

But the unions are pressing for early consolidation because of a 1976 agreement on the issue and because of the uncertainty over the next round under the Conservative Government.

Mr. Ray Buckton, general secretary of the train drivers' union ASLEF, said he did trust the Government. members had been cau before by the imposition of controls and they were de mined it should not hap again.

Consolidations conside desirable by both the board a the unions to retain and recr staff and to increase the ea ings of the many staff work long and unsocial hours, sh and overtime.

Mr. Sid Weighell, gene secretary of the National Un of Railwaymen, said if the boa could not afford to pay it wou have to tell the Government t the railway system would f further and further into deca

Mr. Cliff Rose, BR boa member for industrial relatio said the industry had to w within tight financial di plines. He said: "There is way within the board's pow of meeting the further £2 which would be involved."

Electrolux gets equal pay order

BY GARETH GRIFFITHS, LABOUR STAFF

THE EQUAL Opportunities Commission for the first time told an employer formally yesterday to stop discriminating on pay between men and women, and that the company's wages policies would be closely watched for the next four years.

Electrolux, the household appliance manufacturer, part of a Swedish-owned multinational group, it is likely to appeal against the duration of the Order. An appeal must be lodged before August 30.

The company's management said it was "embarrassed" about the incident, but that this had been remedied by a job evaluation scheme, costing about £1m, introduced early this year.

The commission's investigation, by Lord McCarthy of Nuffield College, Oxford, Miss Ethel Chipchase of the TUC and Sir Alexander Nicol of the CBI, lasted two and a half years. It was asked to investigate by the company in December 1976.

This followed a recommendation by Mr. Justice Phillips at an Employment Appeal Tribunal in November. It had found that women doing the same type of work as men were paid less and that the company had contravened the 1970 Equal Pay Act.

Talks on job evaluation and simplifying the grades structure for the 2,138 manual workers, including 697 women, started in July, 1977. Electrolux made two sets of back payments to women employees.

A ballot of the workers approved the new job scheme in December, 1978. The company said the Commission's investigation and advice "acted as a catalyst" in working out the scheme with the General and Municipal Workers' Union, the Amalgamated Union of En neering Workers, and the El trical and Plumbing Trad Union.

The Commission belie Electrolux now has a n discriminatory wage structu but think a four-year moni ing order essential to ens wage drift does not up present arrangements.

Mr. Ray Phipps, Electro industrial relations and perso nel director, said he felt t monitoring period too long, a that one to two years would ample.

The Commission is a investigating Electrolux alleged sex discrimination its Luton factory. Twenty-sev individual applications fro women employees at the facto are still lodged with Bedfo industrial tribunal. All h been adjourned pending comp tion of formal investigations.

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UK to take 10,000 more refugees

BY PHILIP RAWSTORNE

BRITAIN is to accept another 10,000 Vietnamese refugees for settlement, Lord Carrington, Foreign Secretary, told the Lords yesterday.

The Government would also contribute a further £5m from the overseas aid programme to help deal with the refugee problem in South-East Asia over the next year, he said.

The Government's response to the crisis was generally welcomed in both the Lords and in the Commons.

But Mr. Enoch Powell caused uproar in the Commons with a fierce attack on the decision.

"What possible grounds can there be—moral, political, historical, or ethnic — for the admission to this country of large numbers of persons from Indo-China?" he demanded.

"A country with which we have no connection and towards which *we have no obligation*," he declared.

Tory backbenchers shouted "shame." and "disgraceful" and Labour MPs joined in the protests as *Mr. Powell spoke*.

Sir Ian Gilmour, Lord Privy Seal, who announced the decision in the Commons, retorted that the Government could not ignore the appalling tragedy that was being enacted in South-East Asia.

"For us to sit back and pretend that it is not happening . . . would be totally wrong and entirely contrary to the ethical and political traditions of this country," he asserted.

Sir Ian was cheered as he added: "We are, to put it mildly, part of the human race."

Lord Carrington, who will attend the opening session of the UN conference in Geneva this weekend, originally proposed by Mrs. Margaret Thatcher, pledged the Government to a "full and constructive role" in the international effort that would be needed to solve the problem.

The 10,000 refugees whom the Government has agreed to accept will be taken, over a period, from Hong Kong where more than 66,000 are awaiting resettlement.

Mr. Peter Shore, Labour foreign affairs spokesman, welcomed the Government's and joined in condemning the "callous and inhuman policies" of the Vietnam Government.

He pressed the Government to take more refugees from Hong Kong, if necessary, and to provide food supplies to help starving "*foot people*" who were now leaving Laos and Cambodia.

Sir Ian replied that the EEC had provided 8,000 tons of rice and *1,500 tons of skimmed milk* for these refugees.

But he said that because of Britain's own overcrowding problems it would be unreasonable to make further undertakings about accepting more refugees for resettlement.

Sir Ian said he hoped the rest of the international community would follow the example that Britain had already set.

The Government had done what it could to bring pressures to bear on the Vietnam Government—"it cannot be in its interests to alienate itself from its neighbours in South-East Asia," he said.

Between 40 and 60 per cent of the refugees had been drowned after being forced to leave Vietnam, Sir Ian said.

The situation was comparable with Stalin's extermination of the Kulaks or Hitler's treatment of the Jews.

Constantly emphasising that the Government's decision had been taken for humanitarian reasons, Sir Ian gained wide support from both Tory and Labour back benchers.

But Mr. Richard Alexander (C., Newark) suggested amid Labour jeers that the number of immigrants being allowed into *Britain should* be reduced to offset the influx of refugees.

And Mr. Ronald Bell (C., Beaconsfield) accused the Government of "self indulgence." He declared: "This overcrowded island ought not to be the terminus of any further major immigration."

There was a clear distinction between immigrants and refugees, Sir Ian replied.

Roars of protest came from Tory MPs, as Mr. Frank Allaun, *chairman of the Labour Party*, complained that Sir Ian had not protested when the Americans had bombed Vietnam.

Would the Government provide relief for political prisoners, such as those in Latin America who were being tortured? he demanded.

Sir Ian retorted that Mr. Allaun had never given a "clearer example of double standards."

The Vietnam Government was pursuing a callous and calculated policy to expel something like a million people merely because they happen to be of Chinese stock.

Lord Carrington (left) who announced British plans to accept more Vietnamese boat people

British intake 'niggardly'

BY DAVID DODWELL

BRITAIN'S decision to accept another 10,000 refugees from Indochina over an undefined period will disappoint many of the delegates assembling in Geneva on the eve of the two-day UN conference called to discuss the refugee crisis overwhelming South-East Asia.

The British "offer"—in fact, the Government bowed to a demand from UN Secretary-General Kurt Waldheim —is *likely to be thought of as niggardly, even in comparison* with efforts being made by other Western countries.

For example, as Lord Carrington was making his statement in the Lords, so Mrs. Flora MacDonald, Canada's External Affairs Minister, was announcing that her Government is to increase its intake of Vietnamese refugees immediately from 1,000 a month to 3,000 a month.

She expects to take in between 15,000 and 20,000 refugees in the remaining five months of 1979, and aims to have accepted 50,000 by the end of 1980.

The Canadian Government has promised to accept one refugee for every refugee sponsored by a private group.

Britain's offer is put into perspective when it is noted that refugees are currently ...arriving in Hong Kong at a rate of 3,500 a week; Britain's offer should take care of three weeks' worth of arrivals.

The ASEAN nations (Thailand, Singapore, Malaysia, Philippines and Indonesia) are unlikely to abandon their hard-line policy of pushing newly arrived refugees back out to sea unless the Western nations assembled in Geneva make specific commitments to absorb effectively the 380,000 refugees already waiting in the "transit" camps.

Offers of help on the scale of Britain's are unlikely to provide the reassurance needed.

Lord Carrington's statement is unlikely to satisfy ASEAN delegates at Geneva for other reasons.

First, by openly attacking the Vietnamese at such an early stage, the risk of a staged walk-out by the Vietnamese is clearly increased.

Many feel that a more suitable forum for criticism of Vietnam's expulsion policy is the UN General Assembly. *They argue that this week-end's conference should be* confined simply to the humanitarian problems thrown up.

An early departure by the Vietnamese would make solution of the humanitarian problem much more difficult.

Second, the priority of the ASEAN states is to make sure transit camps are set up around South-East Asia to cope humanely and efficiently with the refugees.

The British delegation seems inclined to leave this issue aside for debate at a later stage.

These areas of potential dissent between the Western powers and the ASEAN nations will please the Vietnamese delegation above all others.

PM stresses wider choice

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER urged Conservative MPs yesterday to hammer home the Government's determination to increase the freedom of choice for both industry and individuals.

Mrs. Thatcher told a 1922 Committee lunch at the Savoy that, after only a few weeks in office, the Government had *ensured that, for the first time* in years, industry had control of prices, wages and dividends.

Her message was that the incoming Government had got off to a flying start but needed to get its policy of higher rewards and better incentives across with the maximum impact.

She stressed that it was only by increasing productivity that higher expenditure both by the individual and the state would be possible.

The Prime Minister admitted there would be political squalls ahead, as some of the Government's politices were implemented, and it was then that the total support of backbenchers would be needed and expected.

But the occasion was essentially a celebratory one, as 200 Tory MPs and peers applauded their leader and congratulated her on the election victory.

The MPs presented her with *a gold brooch containing a 1922 motif.*

Mrs. Thatcher told her audience that the Socialists had now lost the intellectual ascendancy *they had claimed since the War.* The Tories had clearly won the political argument at the General Election.

Second, she claimed that the Labour Party had now lost the moral ascendency that had governed its thinking on social issues.

Now the major task that faced the Government was to change people's attitudes and to ensure that people continue to move towards a freer society and away from socialist restrictions.

In her view, the tactics of the Opposition were designed not to save the country from failure but to save it from policies of success.

This was the only interpretation that could be placed on the Labour Party's fierce opposition to the Government's desire to increase incentive and productivity.

Times debate called off

A DEBATE on the prolonged closure of The Times newspaper was called off in the House of Lords because of the new talks between the paper's management and unions.

Yesterday's debate—about the closure since last November of the newspaper—was *abandoned by its initiator, Lord* Vaizey (Ind.) in the light of the new negotiations.

The final phase of talks aimed at obtaining a settlement were *yesterday adjourned after seven* hours for three days with both management and unions saying they were "ptimistic."

No tax on refunds for savers

By John Hunt

THE COMMONS last night approved a clause exempting *from tax the compensation* paid to holders of National Savings who suffered from the effect of industrial action by the Civil Service earlier in the year.

Speaking during the report stage of the Finance Bill, Mr. Peter Rees, Minister of State at the Treasury, described the proposal as "simple, clear-cut and fair."

He said that the cost of removing tax liability would be £500,000. A total of 2.5m payments would qualify and of these 300,000 would amount to more than £1.

Benn attacked by Labour MP

A LABOUR MP has bitterly attacked Mr. Anthony Wedgwood Benn, former Energy Secretary, for "reckless exaggeration" about the patronage and power of the Prime Minister.

Mr. Giles Radice (Chester-le-Street) said Mr. Benn's claim that patronage was the main cause of tension within *the party* was "*not only reckless exaggeration but divisive.*"

Mr. Radice made his attack at a Parliamentary Labour Party *meeting on the long-running debate on* "democratisation" of the party.

Mr. Nigel Spearing (Newham South) criticised those "*ex-Ministers*, gainfully employed, trading on the experience they had gained from being in office."

Jenkin boosts private medical insurance

BY IVOR OWEN

DESPITE LABOUR protests and the hostile views expressed by the Royal Commission on the National Health Service, the *Government intends to go ahead* with the publication of proposals for encouraging the wider use of private medical insurance schemes.

A defiant Mr. Patrick Jenkin, the Social Services Secretary, told the Commons last night that the Government did not necessarily share the views of the Royal Commission.

He firmly restated the case for stimulating the development of privately financed medical treatment as a means of freeing more public resources for the National Health Service.

Dr. Shirley Summerskill (Lab., Halifax) was loudly cheered from the Opposition benches when she maintained that such a policy would lead to a two-tier health service—one for the privileged who could *afford to pay for private treatment*, and the other for the less prosperous groups in the community who would be forced to rely on the NHS.

Access to medical treatment, she contended, should be decided on need and not on ability to pay.

Mr. Jenkin angered the *Opposition by urging* Dr. Summerskill to examine the pay deal recently concluded on behalf of 1,300 employees at a Birmingham brewery which includes private medical treatment for the workers concerned.

"Maybe those workers are wiser than Dr. Summerskill," he said.

Mr. Jenkin was equally determined in withstanding Opposition pressure for Government acceptance of the Royal Commission's recommendation that there should be a gradual but complete extinction of health service charges.

He pointed out that the Royal Commission had itself recognised that it would be very difficult to provide additional finance for the health service from the Exchequer until the economy was on the mend.

The Budget had been designed to improve the economic prosperity of Britain and the National Health Service would benefit *from this in due course.*

Backed by Tory cheers, he maintained that it did not lie in the mouths of Labour MPs to criticise the health service charges because the Labour Government had put up optical charges twice and dental charges three times.

Mr. Jenkin insisted that he would rather keep on the charges than cut back on the standard of service provided by the NHS.

A further aspect to be taken into consideration, he said, was that the Royal Commission had recognised that apart from the *loss of £200m which the charges* produced, their removal would also lead to an increase in demand estimated to cost an additional £60m.

He questioned whether it would be right to encourage this additional £60m expenditure at a time when there were complaints that too much public money was already going to the drugs industry.

Mr. Jenkin promised that the Government would publish a consultative document in the autumn, responding to the Royal Commission's proposals for improving the administrative structure of the NHS.

Pointing to an early demise for some elements in the structure introduced by the last Conservative Social Services Secretary, Sir Keith Joseph, he *stated: "It is our view that early* progress is essential to simplify the structure of the health service and to devolve management authority to the lowest effective level."

He acknowledged that in most cases this would involve the elimination of one tier of the existing management structure.

"It will be for the health authorities, under the guidance of the regional health authorities in each part of the country, to determine what is the best structure in their own particular areas.

Mr. Stanley Orme, shadow Social Services Secretary, emphasised that Labour rejected any extension of the private sector in the NHS.

He also argued that as the Royal Commission had come down against Health Service charges the increases introduced in the Budget should be withdrawn.

Mr. Jenkin reminded Labour MPs that the Royal Commission had stated that it saw no objection to a significant expansion of the private sector, provided the interests of the NHS were adequately safeguarded. Nor had the commission considered the presence or absence of pay beds in NHS hospitals to be significant at present, from the point of view of the efficient functioning of the service.

To Tory cheers, Mr. Jenkin underlined that it was Government policy to welcome the contribution that independent medicine could make to the health care of the nation.

Answering questions about possible methods to avoid the closure of small local hospitals, Mr. Jenkin suggested consideration could be given to letting them at a "peppercorn" rents to local organisations.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1978							
1st qtr.	106.9	102.2	99	106.4	246.4	1,409	188
2nd qtr.	110.7	104.5	96	107.9	254.4	1,367	213
3rd qtr.	111.5	105.1	103	110.7	266.6	1,380	213
4th qtr.	109.9	102.6	111	111.7	273.0	1,340	230
1979							
1st qtr.	109.1	101.4	101	110.3	276.4	1,351	234
Jan.	103.6	93.4	94	109.6	273.1	1,339	236
Feb.	111.4	104.2	105	110.4	275.4	1,363	231
March	112.3	106.5	104	110.8	279.8	1,350	236
April	113.2	105.3		115.4	290.6	1,311	250
May	113.9	104.6		113.5	289.2	1,307	257
June				121.0		1,280	262

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
1st qtr.	105.3	98.8	116.3	99.9	96.5	98.0	17.8
2nd qtr.	108.1	97.8	122.3	99.6	107.4	101.0	27.1
3rd qtr.	108.3	99.5	123.3	100.6	101.2	103.7	23.0
4th qtr.	105.3	96.5	123.5	96.6	97.6	101.2	20.2
1979							
1st qtr.	103.8	98.4	125.5	98.2	97.6	97.3	12.8
Jan.	99.0	92.0	117.0	92.0	77.0	93.0	10.1
Feb.	105.0	102.0	130.0	101.0	102.0	98.0	12.7
March	108.0	101.0	130.0	102.0	114.0	101.0	15.6
April	107.0	101.0	129.0	101.0	104.0	99.0	18.0
May	107.0	99.0	133.0	99.0	110.0	99.0	19.3

EXTERNAL TRADE—*Indices of export and import volume* (1975=100); visible balance; current balance; oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn°
1978							
2nd qtr.	122.2	109.7	− 173	+208	−414	104.9	16.75
3rd qtr.	124.8	114.9	− 367	+154	−501	106.1	16.55
4th qtr.	124.8	112.3	− 39	+450	−480	106.9	15.77
1979							
1st qtr.	110.3	113.3	−1,181	−787	−237	107.7	16.78
2nd qtr.	134.2	129.0	− 561	−231	−210	108.0	21.69
Jan.	113.0	107.1	− 126	+ 6	− 62	107.4	16.26
Feb.	100.7	117.0	− 766	−635	− 78	108.1	16.62
March	117.3	115.7	− 289	−158	− 97	107.4	17.45
April	128.4	127.2	− 327	−217	−114	108.9	†21.47
May	133.6	127.8	− 185	− 75	− 54	108.0	21.53
June	140.7	132.0	− 49	+ 61	− 42	107.1	22.07

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate): domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
1st qtr.	24.3	23.8	17.5	+1,811	1,049	1,373	6½
2nd qtr.	10.1	15.0	24.5	+2,800	694	1,506	10
3rd qtr.	17.2	8.3	8.6	+ 591	746	1,541	10
4th qtr.	15.1	13.0	8.7	+1,875	878	1,576	12½
1979							
1st qtr.	7.2	10.1	32.7	+1,672	777	1,586	13
Jan.	14.6	18.9	21.2	+ 801	289	525	12½
Feb.	17.6	2.06	24.1	+1,089	231	531	14
March	7.2	10.1	32.7	− 263	257	530	13
April	16.8	7.2	19.1	+ 846	343	572	12
May	12.9	7.9	20.6	+ 945	309	624	12
June					125		14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
2nd qtr.	129.9	146.3	151.8	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	140.2	152.2	161.6	208.9	218.8	268.83	64.1
2nd qtr.		160.3	167.9	216.5	225.2	293.55	67.9
Jan.	135.7	150.8	160.0	207.2	217.5	260.63	63.5
Feb.	141.1	152.2	161.7	208.9	218.7	267.36	63.7
March	143.7	153.5	163.2	210.6	220.2	268.83	65.0
April	144.3	158.4	165.5	214.2	221.6	277.11	66.9
May	146.5	161.1	167.7	215.9	224.0	279.20	67.4
June		162.1	170.6	219.6	230.0	293.55	69.5

* Not seasonally adjusted. † Reserves: now revalued annually, new estimates.

JOBS COLUMN, APPOINTMENTS and BUSINESS OPPORTUNITIES

Introducing the Silver Volt · Drake's plum

BY MICHAEL DIXON

HEAD-HUNTER Jim Smith is mightily pleased with the Financial Times. In latish February he asked the Jobs Column to help him to find a "merchant venturer" to become financial vice-president of a new group to be set up in the Bahamas to make and market what he could describe only generally as "an advanced automotive product."

The job was notable because the rewards for success, besides salary and normal perks, included the acquisition of U.S.$ 1m worth of equity over six years. This earned first place in the column of March 1 and, although I wasn't told about it at the time, Mr. Smith exercised the canniness he learned along with clinical psychology at Aberdeen University, and also advertised the post in the FT a week later, just to be sure.

Naturally he received applications from most impressive people—63 of them, to be precise. These were eventually, and regretfully, reduced to a short-list of only six, and the employer came to make his choice.

After a good deal of humming and hawing, he finally picked Roger Jefferies, a pharmaceuticals executive from Eastbourne, to set up the financial structure of the new operation and thereafter run the projected international business, at a starting salary of $45,000 tax-free.

But the employer could not resist taking on a couple more of the candidates as well. One to run the manufacturing and marketing operations based at Freeport in the Bahamas, the other to develop the European interests of the business. Neither of this "bonus" pair may be named at the moment, because for one thing the European chief will not take up post until the end of the year.

"So there you are. Just like that,'" said Jim Smith, perhaps attempting an imitation of the comedian Tommy Cooper. If so, however, Mr. Smith would never have made a living on the stage. And then he gave me permission to disclose what I was bursting to tell you in March, but was prevented by the Jobs Column's guarantee of silence to any head-hunter who gives good reasons for claiming it.

One reason why the prospects for the business seem so exciting is that it product could hardly be more timely. You see, the man who originated the venture is Robert Aronson, an American inventor who since 1966 has been working to develop a saleable eltcrically-driven car.

And now he has evidently made suitable for large-scale production, a battery which installed in specially converted limousines such as the Chevrolet Malibu, will enable it to travel 100 miles on a 45-minute recharge. It is capable of speeds of up to 70 miles per hour, although the cruising speed is about 55 mph. The conversion is necessary so as to strengthen the car's suspension and suchlike, because the lead-cobalt battery installed under the rear seat weighs about 1,800 lb.

Called the Silver Volt, and designed by Henry Lauve, the car is expected to find its main market among well off commuters all over the world. It will apparently be available in saloon or estate-car versions, and sell at about $14,500.

For the technically minded, the battery is a 144-volt EFP fast charge TPX, covered by U.S. Patent 3,518,127. The motor has a 50 kW peak, 20 kW continuous rating, separate excitation, and 4,500 rpm. The car's payload is 700 lb.

For the status-symbol minded, it has power brakes and steering, power seats and windows, air conditioning, and stereo.

The name of the group producing the vehicle is Electric Fuel Propulsion Corporation, and the production subsidiary is Electric Auto Corporation. This year only 280 models are being produced and sent to business executives in Florida for final testing. Next year, the group plans to produce 20,000.

Mr. Smith (J. G. Smith and Partners, 21, Princes Street, Hanover Square, London W1R 7RG) tells me that his satisfied client is now beginning to offer distributorships with sole rights in particular areas. The price is $466,000, but the group can arrange for three quarters of this sum to be borrowed by qualified distributors through a consortium of bankers centred in Hong Kong, and be repaid over a period in a way which can offer tax advantages.\

I would be glad to see the venture succeed and the product-range extended, and not just because of the oil problem. It would be most satisfying to be able, some day, to take my grandchildren on my knee, and say:

"Once upon a time, you know, cars did not run silently to and fro like they do now. They used to make loud noises and give off fumes because they were made to go by something called petrol. But grandad helped to change all that . . ."

But I wouldn't start the story as I did this one today. It would begin in the 1960s when I went to MSL to be interviewed for a job by a recruiter called Jim Smith. He thought I was broadly all right, but reported to the employer that I smoked a pipe, "in shape and conduct, of undergraduate standard." I'd like to repay him for that in similar coin. But my humanity persuades me that it would be wrong to mock further someone who is not only a psychologist, but Scottish to boot.

Wily talker

"A STRAIT-LACED book-keeper ain't going to fit," said Eric Smart, of Drake International. "The job needs a quick-witted talker because it involves dealing with a lot of sophisticated sales people who are always wanting to spend money. You have to be able to tell them otherwise while still keeping them thinking you're on their side."

Then the London-based operations manager of the Canadian-centred recruitment group added: "I know that, you see, because I did the job myself for three years. It's a real Jekyll and Hyde job, but a plum for an accountant wanting to move into general management."

The job is that of European financial controller for the Drake group, whose main business is currently in temporary staff, although recruitment of regular employees including managers is taking an increasing share.

Responsible to Brian Johnson, the vice-president for finance in Toronto, the newcomer will work mainly from London, although some 15 to 20 per cent of the time will be spent elsewhere. Switzerland and Geneva are the other main centres of Drake's European operations which produce a turnover of roughly £10m, and employ about 180 of the group's 1,500 total staff. The new controller will have charge of about 45 people.

The group's accounting functions are closely managed, and rewarded on results, which Mr. Smart thinks would be liked by accountants who are tired of being regarded as just another overhead. Tasks will include company secretarial work, property and insurance. If preferred, promotion routes could be into international financing, tax and legal work.

Applicants, aged at least 30, must be qualified accountants, preferably certified or cost and management, and have managerial experience in a marketing-minded service industry. A post-graduate business degree would help, as would French and German. Culturally transferable candidates could come from any country.

No salary is specified, but my estimate would be around £12,500. Perks include [illegible]. Inquiries by telephone to Mr. Smart at 01-405 0654. Written applications outlining career to him at Craven House, 121 Kingsway, London WC2B 6PH; telex 267653.

Deputy Managing Director

Fashionwear Group circa £25,000

A phase of international expansion of this highly successful public company has created the need for an outstanding executive to take over responsibility for the group's existing businesses. The group designs, produces and markets a broad range of fashionwear throughout the UK from London-based subsidiaries. It has a secure position in its markets and has a remarkable record of consistent profit growth. Turnover of £10m will expand markedly as current and anticipated mergers and acquisitions are completed.

The role involves the overall direction of the group's existing activities, largely by setting policy guidelines and performance standards for the subsidiary company managing directors. Whilst the individual companies are well run and largely autonomous, the group deputy managing director will be expected to regularly monitor performance and to tactfully assist and advise as necessary.

Candidates, aged 30-45, should be well educated, mature and have a successful record in general management with full profit responsibility. A fashionwear background is desirable but experience in similar industries could also be relevant.

Please write in complete confidence, quoting ref 1051, to Michael Waggett, who is advising on this appointment.

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This is an interesting and challenging opportunity within the firm's expanding Gilts Marketing Department.

The person we appoint will be involved, under expert and professional guidance, in the preparation and development of technical aspects of the bond market. He/she will also assist in the production of the firm's weekly technical comment for its institutional clients.

Some experience in the Gilts area would be an asset, however any necessary training will be provided and, for an ambitious career minded person, positive encouragement will be given to progress, eventually, to a sales position involving direct client contact.

Ideally candidates should be aged 20-25, educated to good 'A' level or graduate standard, and have gained work experience of a mathematical, actuarial or economic nature.

We set high standards but if you believe you can meet them and you are prepared to capitalise on this opportunity, please write or telephone, in confidence, to Mike Thomas F.I.A., Gilt Department,

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(ii) Deputy Managing Director (Administration and Finance).

QUALIFICATION AND EXPERIENCE

(1) Deputy Managing Director (Operations)
Candidates should be professional members of the Institute of Bankers. A University Degree in Economics or Business Administration and/or other professional qualifications will be an advantage. Candidates must have banking experience of about 20 years, ten of which must have been at top management positions and of which 5 years should be at the level of a Divisional Head of operation of any large and well established bank.

(2) Deputy Managing Director (Administration & Finance)
Candidates should be professional members of the Institute of Bankers and must have professional qualifications in Accounting with considerable experience in financial management and general administration. Candidates must have experience of about 20 years, ten of which must have been at top management positions and of which 5 years should be at the level of a Divisional Head of Finance and administration of any large and well established bank.

SALARY AND FRINGE BENEFITS
Salary and fringe benefits will be sufficiently attractive.
Persons presently earning less than ₦12,000 p.a. basic salary need not apply.

The Job:
To be responsible to the Managing Director and Chief Executive for the day-to-day running of the duties of his post and be also responsible for improving operational systems and procedures to high international standard with a view to improving the quality of the Bank's service to its customers as well as to give scope for growth.

APPOINTMENT:
Appointment will be on pensionable basis for Nigerians. For non-Nigerians, appointment will be on contract for an initial period of 3 years.

MODE OF APPLICATION:
Application, marked Private & Confidential, must be in writing, accompanied with a Curriculum Vitae and addressed to the Managing Director, P.M.B. 12123, Lagos, to reach him not later than Tuesday, 31st July 1979.
Names of 3 referees, one of which must be from a former boss, must be supplied.
All applications will be acknowledged.

BURNS FRY LIMITED

Members of all principal Canadian and U.S. Stock Exchanges

REPRESENTATIVE

Burns Fry Limited is seeking an additional representative to increase our coverage of European institutions.

The position being created will appeal to an exceptional younger person who can respond to the opportunities offered in the London office of a fast-growing institutional research-orientated company.

Experience of equity markets is essential. Knowledge of Canadian stock markets will be helpful, but is not mandatory as an extended period of training at our Head Office in Toronto would be arranged for a suitable candidate.

Salary negotiable. Please write in strict confidence to the company at:

9, Basinghall Street,
London EC2V 5BN
Attention J. R. Barton

Young Qualified Accountant

For Major International Group

Central London c £10,000

Our client has a turnover in excess of £400 million and is universally recognised as being one of the world's market leaders in its field. The company is a major manufacturer for the construction industry, with extensive operating subsidiaries and investments throughout the world.

Accounting for such a widespread organisation clearly calls for considerable skill and knowledge and a high calibre accountant with at least 2 years post qualifying experience is now required to join the accounting team at corporate headquarters. The responsibilities will be wide ranging and will include the preparation of group consolidations, the monitoring of operating performance, ad hoc investigations over a broad spectrum of financial matters and advising on the application of accounting standards and statutory requirements.

This position will appeal to someone who is interested in the development of corporate reporting but who would enjoy a more active involvement in the management of a major industrial group. There are excellent longer-term career prospects and first-class conditions of employment.

Candidates with good experience of group consolidations in the profession or industry should apply for a Personal History Form quoting ref. AC303/FT to:

W. S. Gilliland, Thornton Baker Personnel Services Limited, Fairfax House, Fulwood Place, London WC1V 6DW. Telephone: 01-405 8422.

A member of the Management Consultants Association

Personnel and Industrial Relations Consultants

EUROCURRENCY MANAGEMENT

The Royal Trust Company of Canada is establishing a Eurocurrency dealing operation to complement its substantial Sterling Money Market activities and to work in liaison with its banking operations in North America, The Channel Islands and Ireland.

We are looking for a senior individual (ideally aged 28 to 35 years) with a minimum of 5 years successful dealing experience in the Eurocurrency markets. Candidates should have had experience in the operational as well as the trading aspects of this function.

The individual selected must be able to develop the function and in time manage the group of this area into a substantial earnings contributor to the entire operation. He or she should be highly motivated, articulate, experienced in formulating market strategy and be able to communicate effectively with both commercial clients and interbank operators.

An attractive salary is offered together with a comprehensive package of staff benefits which includes mortgage assistance.

Write in strictest confidence enclosing a full curriculum vitae to:-

Mr. R. Molton, Associate Director — Money Market Operations,
THE ROYAL TRUST COMPANY OF CANADA,
Royal Trust House, 48-50 Cannon Street, London EC4N 6LD. Tel: 01-236 6044.

Group Chief Executive

Construction, London up to £20,000

A major construction Group based in London, turnover c. £20m., wishes to appoint a Group Chief Executive. The Chairman and Managing Director, having led the Group during many years of significant growth, will continue as Chairman and provide policy guidance during the next phase of development. The Group Chief Executive will be the Group Board Member ranking next to the Chairman and will assume full responsibility for the profitable management of all UK operations and for the provision of resources for overseas contracts. Candidates must be professionally qualified (building or civil engineering), and preferably university graduates; have practical construction experience in high quality work, with a record of successful management of an autonomous profit centre. Age range 40 to 50 years.

Salary up to £20,000 p.a.; bonus, car and other benefits.

Based on the Head Office in London.

Please write stating age, current salary and how you meet our Client's requirements, quoting reference GC/4048/FT on both letter and envelope. Men and women are invited to apply. No information will be disclosed to our Client without permission.

Urwick, Orr & Partners Limited *Management and Selection Consultants*
Baylis House, Stoke Poges Lane, Slough SL1 3PF

Senior Executive

International Banking

$60-80,000 + benefits **Bahrain**

An international bank active in commercial, merchant and investment banking primarily in Latin America and Arab countries requires a senior financial executive based in Bahrain to fill the dual role of Treasurer and Assistant General Manager.

As Treasurer of the bank's worldwide interests his responsibilities will include the implementation of the bank's liquidity, funding, money market, foreign exchange and short term investment policies. As Assistant General Manager he will have full responsibility for the O.B.U. in Bahrain.

This is a senior appointment and ranks as third highest in the corporate managerial structure. Career prospects are excellent.

Applications are invited from candidates of relevant stature and experience to Gerald Brown (Ref. 6415).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

Hungry. Eager. Can't live on £12,000?

Europe's leading firm of merger consultants seeks a well-educated person to look after its extensive interests in the Midlands. The job involves high-level negotiations and a great deal of contact with senior directors and proprietors. The remuneration package, based partly on results, is exceptionally attractive, and the successful applicant is likely to be 30—40, come from a sales background and earning in excess of £12,000 p.a. He or she will need to be self-reliant, self-motivating and, above all, good enough to develop our excellent reputation in this field. Birmingham based, company car and help with relocation where necessary. Please write in first instance to Philip Lovegrove, Managing Director.

Chesham Amalgamations & Investments Limited,
36 Chesham Place,
London SW1X 8HE.
Tel: 01-235 4551.

CHESHAM

Property Loans Executive

Banking

UDT is a major British banking and financial services Group and our Property Finance Division services multi-million pound portfolios well spread over leading residential builders and developers.

We require additional executives, based in London, to assist in the negotiation of new business and in the control and management of existing loans

Candidates will require skill in financial analysis, production of viability studies and detailed reports, and should have personal qualities necessary for direct dealing at a senior level. Ideally they will have some experience of the U.K. property market and of property development finance, and will have an appropriate professional qualification, preferably A.I.B.

A competitive starting salary will be paid, and benefits include non-contributory pension and life assurance, mortgage subsidy and, after qualifying service, a staff loan scheme. A company car will be provided.

Please write or telephone for an application form to: K. J. Ridge, Group Personnel Services, United Dominions Trust Limited, 51 Eastcheap, London EC3P 3BU. Tel: 01-623 3020.

UDT

Top Executives

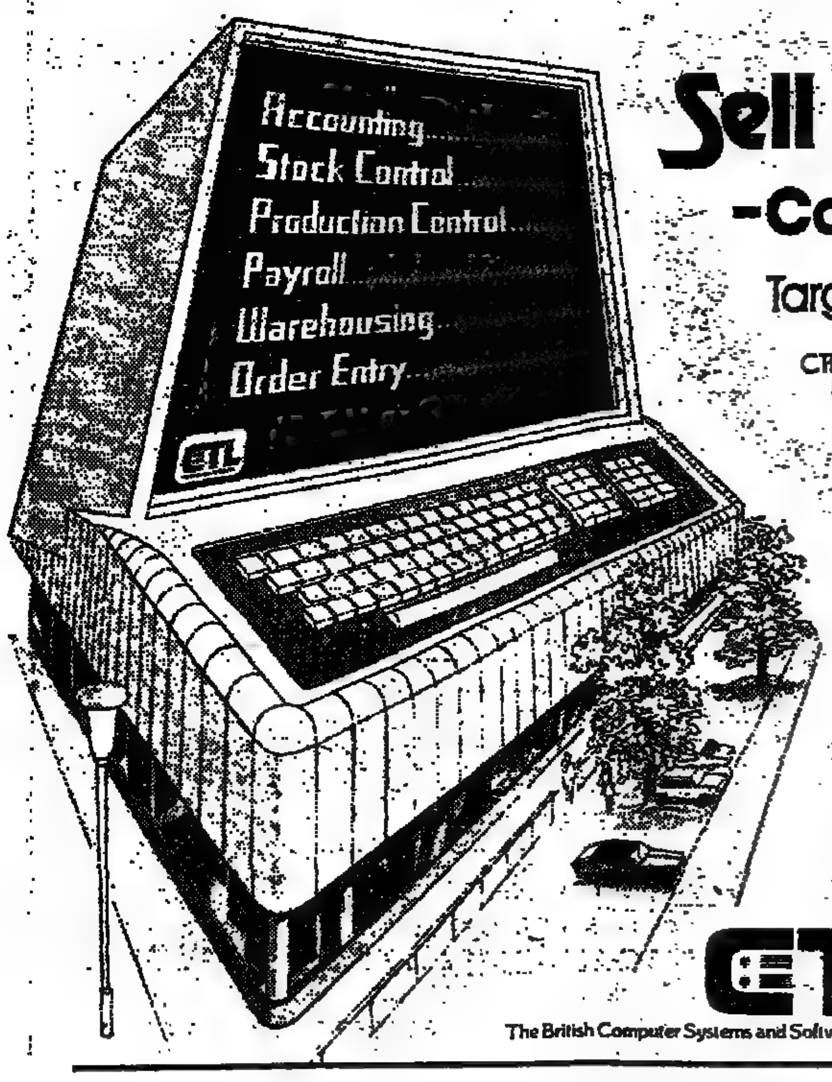
If you are finding your talents wasted — we can help.

In the serious business of marketing yourself MINSTER EXECUTIVE provides the professional, individual and comprehensive career counselling service that has achieved outstanding results.

After evaluating your full potential we direct you through every stage of the 'job search', furnishing you with material individually tailored to your specific needs, and counsel in the art of being interviewed.

As professionals we have an acknowledged standing in the employment market. We invite you to a preliminary discussion to discover why our clients have been so successful.

MINSTER EXECUTIVE LIMITED
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085



Sell for Britain with CTL

-Commercial Applications

Target Earnings £15,250+car

CTL. The British Computer Systems and Software Company, is a fast growing, independent company specialising in the field of mini-computer systems. We have just had another year of record sales and so, to build on this expansion, can offer several new and exciting opportunities for experienced salesmen who want to reap the benefits for their efforts.

Salesmen-UK

Based in our London and Manchester sales offices, the successful candidates will head our sales drive for the development of new business throughout the UK.

You'll need to have a successful record of selling business systems to the commercial market in a computerised or related business environment.

The posts, open to men and women, have target earnings of £15,250 but we'll guarantee a salary of £9,000 for the first 12 months. We can offer an attractive benefits package, as you'd expect from a successful and progressive company and your career prospects are excellent.

CTL
The British Computer Systems and Software Company

For further details, please telephone Jim Parle on Hemel Hempstead (0442) 3272, ext. 215 or, alternatively, write to him for an application form at Computer Technology Limited, Eaton Road, Hemel Hempstead, Herts. HP2 7EQ.

Palm Oil Broking

Malaysia

Appointment to the Board can be earned in the profitable establishment of this new activity in Kuala Lumpur within a major Group founded over 100 years ago. Holding profit responsibility and reporting to the Board, the appointed candidate will establish close relationships with all sectors of the palm oil industry including producers, refiners, government bodies, and will operate on both the internal Malaysian and overseas markets. International travel will be necessary.

Emoluments include a salary around £20,000 plus profit-related bonus, free house, car, educational expenses, etc. Initial contract 2 years.

Please write—in confidence—to J. M. Ward Ref. B.41372

MSL
United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Finance Director

Scotland
Over £15,000

The appointment is new, reflecting the company's progress, growth and need for a strong overall co-ordination of the company's practices. Establishing systems will be the first responsibility, along with installing a strong commercial discipline through the finance department.

The company is a major subsidiary of a U.S. company currently turning over $40m through manufacturing and sales.

Candidates should have solid experience in engineering and be qualified accountants in their late thirties.

Remuneration and career prospects within the firm are excellent.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to Dr. I. Bowers, quoting reference 783/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

PR Director

Industrial group
five-figure salary

Internal promotion has created a vacancy for a PR Director within one of Britain's foremost industrial groups. Reporting to the Managing Director, the person appointed will be responsible for liaison with the media and external bodies as well as internal communications. He or she will have the support of a small, enthusiastic and professional team. Candidates, probably in the age range 35 to 45, must be thoroughly experienced in PR within the industrial sector. It is essential that they have a good knowledge of all communications techniques and have established contacts with the media. Involvement in large budgetary control is also required. This post is ideal for the No 2 in the large group who is now ready to head up the function. Salary is negotiable around £13,000, there is a company car and full costs of removal to the Head Office, which is outside London, will be met. In addition there are what can justifiably be described as substantial fringe benefits.

PA Personnel Services
Ref: AA33/8978/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060. Telex: 27874

PA
A member of PA International

FINANCIAL CONTROLLER

West London. c£12,000+Car

Our client is a subsidiary of a major British Group and is responsible for the world-wide marketing and development of a diverse range of non-food consumer products. The impending retirement of the Financial Controller creates the need for a qualified executive to fill this important appointment.

Candidates (male or female) should be in the 30's age group, possibly graduates in a numerate discipline, but certainly with an accountancy qualification, and have a progressive record of supervisory experience within the f.m.c.g. industry.

Responsibilities will include the provision of management information, and the continued development of systems to enable effective planning, appraisal and monitoring of the performance of the five profit centres involved. Essentially, the successful candidate will be a participant, contributing from his specialist financial understanding in the operating team.

Salary is negotiable around £12,000 plus a car, relocation expenses if appropriate, and bonus participation at a substantial level after 12 months service. Naturally a contributory Pension Scheme is available.

If you feel you measure up to these requirements, write for a detailed specification and an application form, or ring for further information.

ERIC JAMESON
PERSONNEL SELECTION

Personnel Selection Limited,
46 Drury Lane, Solihull, West Midlands, B91 3BJ.
Telephone: 021-705 7399 or 021-704 2851.

Brewery Sector Analyst

Our client, a leading firm of stockbrokers, requires a senior analyst of proven ability in the Brewery sector.

The successful candidate will be expected to make a major contribution to a highly professional research team by keeping in close touch with industry management and by the production of regular reports.

In addition to a very competitive salary which includes a non-contributory pension scheme and an opportunity in due course to share in the firm's profits, prospects are excellent.

Please contact A. Innes, who will treat all enquiries in the strictest confidence.

Stephens Selection
35 Dover Street, London W1X 3RA. 01-493 0617
Recruitment Consultants

Financial Accountant

Advertising/Marketing **Central London**

An important job in a group of companies employing some 250 people and providing specialist advertising/marketing/PR and related services.

Working with the Chief Accountant, you would be responsible for day-to-day accounting operations and the preparation of financial accounts. You would run your own team and lend support to the development of controls and reporting systems.

The role would suit someone recently qualified (preferably ACA), who is seeking career development through early responsibility in an interesting business. Alternatively, our client would also consider a 'mature' accountant who would grasp the opportunity to make a substantial contribution to the management team.

Skills in effective communication, motivating others and in achieving a high level of accuracy, would be particularly appropriate. An attractive salary will be negotiated in line with experience.

PERSONNEL ADVERTISING LIMITED
Please write in the first instance, giving a brief career history to David Macmillan, Personnel Advertising Limited, 22 Red Lion Street, London WC1R 4PX. All replies will be passed to our client unless we are instructed otherwise. Please quote ref. GRS 547.

AUDIT SUPERVISOR

c£15,000 tax free substantial benefits

SAUDI ARABIA

Our client is one of the largest Saudi Arabian trading groups and they require an Audit Supervisor for this key function which is established and expanding.

The person will supervise the work of auditors engaged in the reviews of organisational and functional activities; provide a comprehensive practical programme of annual audit coverage within general areas assigned and complete detailed reports and make recommendations on the effectiveness and accuracy of systems and controls.

Candidates should be qualified accountants with sound EDP audit experience and have relevant experience in a medium or large accounting firm followed by internal audit experience in a medium or large industrial or commercial firm. Preference will be given to Arabic speaking candidates.

A tax free remuneration package of circa £15,000 is offered. There is excellent modern office accommodation. Additional benefits include free first-class furnished modern housing with recreational facilities and utilities, medical and accident assurance and a car allowance. Opportunities for career advancement within this expanding company are good.

Please send a comprehensive career résumé, including salary history, quoting ref. 980/FT to W. L. Tait.

Touche Ross & Co., Management Consultants
4 London Wall Buildings, London, EC2M 5UJ.
Tel: 01-588 6644.

Financial Controller

International Sales

up to £9,000+car & fringes
West of London

For a profitable and successful multinational with worldwide sales exceeding £350m. The Financial Controller will assist the Director responsible for Southern Europe, Africa and the Middle East by establishing, implementing and monitoring financial procedures and will also participate in business planning. A qualified accountant is required with some experience of international sales operations. A knowledge of French or Greek would be useful. This appointment could lead to wider responsibilities. Preferred age 28-35. Ref 160.

Please write in confidence or telephone 01-499 2215.

Philip Egerton & Associates
Selection Consultants
178/179 Piccadilly, London W1V 0QP

Fixed Income Professional

The dramatic increase in business transacted this year by the Merrill Lynch Institutional Fixed Income Office has created an opening for a seasoned professional on its London-based staff. The successful candidate for this position will have a minimum of five years' experience dealing in international fixed income sales to major financial institutions in Europe or the Middle East. You will be assigned active, current accounts at the start, and will be expected to make a significant contribution to new business development efforts in one or both of these areas, supported by the world-wide range of Merrill Lynch's fully competitive institutional products and services. Professional performance and effective results will be well rewarded.

Written replies may be directed, in strictest confidence, to:
Walter J. Burkett, Managing Director
Merrill Lynch, Pierce, Fenner & Smith Ltd.
3-5 Newgate Street,
London EC1A 7DA.

Merrill Lynch

ACCOUNTANT/BERMUDA

C.A.

Our client, a well-established commission and wholesale agency with modern facilities and broadly diversified operations, requires a qualified accountant.

Responsibilities include supervision of accounting (manual and computerized) as well as reporting to the Directors on budgets, cash flow projections and other financial matters.

Preferred candidates will have at least five years of managerial experience reporting at board level in medium sized company. Moving assistance will be granted.

Interviews will be arranged with suitable applicants through our international affiliates.

Reply in confidence stating full personal details and experience including salary history to:

Gray & Kempe
Chartered Accountants, P.O. Box 1624,
Hamilton 5, Bermuda

Mechanical Services Manager

A large Japanese Mechanical Services Contractor requires a London Office Manager to co-ordinate all aspects of their activities in the Middle East. Candidates must be fully conversant with mechanical services installations, multi-storey buildings, hospitals and schools and must be fully experienced in overseas estimating and financial procedures.

Applications in writing enclosing full c.v. to:
Mrs. R. Berg, Taikisha Ltd., 8, Earl's Terrace, London W8 6LP

هكذا من الأصل

Financial Analysts

Have you worked out the implications of Olivetti for your career?

At Olivetti, we design, manufacture and market the most advanced range of business machines, small computers and electronic accounting machines in the world. In the UK alone, we employ 1500 people over 20 locations, producing an annual turnover of over £50 million – and we're still growing.

Success like ours comes from design, not chance. So it's hardly surprising that, as one of the leading suppliers of financial systems to the business world, we attach prime importance to the finance function of our own organisation. Join our small, specialist team of Financial Analysts and you'll take a key role in our development. With responsibility for a specific area of the Company's operations, your concerns will include preparation of *Company Annual Budgets, monitoring Divisional* performance and planning long-term budgets. Ours is a progressive, computer-orientated environment. You can expect to become fully involved in the development of financial modelling and improvement of financial planning systems.

We are seeking either graduates with accountancy qualifications or possibly an MBA or qualified accountants with some commercial financial analysis experience in a marketing orientated company.

Please write, with details of your career to date to: Mr. A. I. Popat, Manager, Financial Analysis Department, British Olivetti Ltd., 30 Berkeley Square, London W1X 6AH.

olivetti

Commercial Director

(Salary up to £13,700 subject to review)

Welsh Development Agency

The present Commercial Director is leaving on appointment as Chief Executive of the English Industrial Estates Corporation and the Agency is seeking a suitable replacement.

The Agency owns 3,000 acres of industrial land and some 16,000,000 square feet of factories let to over 400 tenants. The Commercial Director is responsible for the management and development of these holdings.

The responsibilities include:

a) management of the industrial estates: maintenance of the property: and relations with tenants.

b) initiating proposals for development and expansion and contributing to the execution of approved schemes. The Department acts as client of the Construction Department, acquires new land, and negotiates with tenants expansion and other projects.

c) securing new tenants, negotiating leases and rents.

The Director works closely with other Departments of the Agency including the Investment Department and with Government and Local Authorities.

The Director is responsible immediately to one of the Executive Directors of the Agency and through him to the Board of the Agency.

The successful candidate will need to have a professional qualification and extensive experience at senior level in the management and development of industrial property. Knowledge of industry in general and proven negotiating ability as well as capacity to supervise a large staff will be essential.

Salary will be on a scale from £10,300 to £13,700 but this is subject to review in January 1980. The Agency has a contributory pension scheme and generous assistance will be given with relocation expenses.

Please write or telephone for an application form, to be returned by 17th August, 1979.

Personnel Department, (Ref 489FT), Welsh Development Agency, Treforest Industrial Estate, Pontypridd, Mid-Glamorgan, CF37 5UT. Telephone Treforest (044 385) 3571.

Charles Barker

Confidential Reply Service

Please send career details, listing separately employers to whom we should not forward your reply, to Charles Barker Recruitment Ltd., 19th Floor, Kennedy Tower, Snow Hill Queensway, Birmingham B4 6JB.

GROUP PENSIONS/BENEFITS MANAGER

West Midlands c. £8,500 & car

Our clients are a substantial engineering organisation with wide overseas interests. They have about 5,000 pension scheme members and there are at present 360 pensioners. The UK annual contribution income is currently *£2 million plus, and the fund of £10 million is growing rapidly.*

Candidates (male/female), aged 35-45, should be Associates of the PMI, with several years' experience in pensions management (possibly as number two in a larger scheme). They should ideally possess a sound working knowledge of computerised records, and be familiar with overseas pension arrangements. They should also appreciate the wider aspects of salary and benefits management. Personal qualities must include good communicating skills, both written and oral, and the capacity to work under pressure. Some travelling will be necessary.

The job is based within easy reach of attractive urban and country environments. Generous relocation assistance will be provided.

Please write reference M.301 on envelope.

Job Search OPPORTUNITIES

- 75% of Executive Appointments over £10,000 p.a. are unpublished and go to those with the best contacts.
- As Europe's most experienced Job Search organisation we can provide you with all the facilities you need to build up contacts and locate your next employer.
- Our expert career advisory service is essential to executives who become vulnerable to the current fast changing market conditions.
- Telephone us for a cost free assessment meeting.

Percy COUTTS & Co.

01-839 2271

140 Grand Buildings, Trafalgar Square, London WC2.

CONTROLLER OF FINANCE AND ADMINISTRATION

We are the pioneers of the Hot Bread Kitchen concept of baking and selling hot fresh bread direct from retail outlets in the High Street. We have 49 of these bakeries throughout England, with a turnover well in excess of £7m pa. Our small modern headquarters are based in Luton, Bedfordshire.

Assisted by a Company Accountant, the Controller of Finance and Administration will have final responsibility for the day-to-day operation of the Accounts Department, for the presentation of financial information to the Board and control of the Company treasury function.

The position requires a person of stature, probably aged between 30 and 45, who will not only impose high standards of accounting discipline but who will also be able to make a real impact at Board level and, indeed, be seen as potential for a future directorship.

Experience should include the financial management of a multi-location retail *business, though not necessarily in the food* trade, and an essential knowledge of up-to-date computer based accountancy systems is a prime requisite.

Salary will be negotiable but those currently earning less than £8,500 per annum are unlikely to have the experience we require. Other benefits include a Company Car, Pension Scheme, BUPA and a Company Profit Share Scheme.

Please write to:—J. R. H. Alden, Director of Personnel and Training, Don Miller's Hot Bread Kitchens, 166 Bute Street Mall, Arndale Centre, Luton, Bedfordshire LU1 2TL. Tel. No. 0582 28522.

DON MILLER'S HOT BREAD KITCHENS

Financial Controller with Board Potential

c. £10,000 + Car — **E. Berks.**

This successful public group (T/O £30m) has subsidiaries in the communications, leisure and manufacturing industries. It has now reached a stage in its growth when its financial organisation needs strengthening and it has been decided to recruit a high calibre Financial Controller with the potential to succeed the Group Finance Director within a few years.

Your initial task will be to increase the efficiency of the central accounting and management reporting functions, which will involve establishing closer links with the operating companies and developing improved computer systems. This will provide an ideal opportunity to get to know the group and demonstrate you abilities. You will then progressively undertake additional responsibilities to stretch your capabilities.

Applicants, ideally aged 28–45, should be qualified with broad commercial experience involving computer systems. Other less tangible but no less vital qualities include drive, initiative and flair.

Candidates should apply for a Personal History Form quoting ref. no. AC228/FT to:

W. S. Gilliland, Thornton Baker Personnel Services Limited, Fairfax House, Fulwood Place, London WC1V 6DW. Telephone: 01-405 8422.

A member of the Management Consultants Association

Personnel and Industrial Relations Consultants

Company Secretary

City to £12,000 + car

For an established and actively expanding insurance company.

Reporting to the chief executive, the appointee will have responsibility for compliance with all relevant legislation including Exchange Control regulations, and also general administrative duties.

Candidates must be chartered secretaries, preferably between 30 and 40 and must have considerable experience in insurance, at a senior level.

A good benefit package is available.

For an application form, write in confidence showing how you meet the specification and quoting reference 2070/F. to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division.

165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

Guardian Royal Exchange Assurance

Qualified Accountant

One of the leading UK composite Insurance Companies, we offer a progressive career opportunity to a Qualified Accountant preferably with audit experience. We are also prepared to consider a newly-qualified person who possesses the desired personal qualities and is seeking to further his or her career.

The successful candidate should be aged less than 35 and show drive, initiative and the leadership qualities required to manage teams conducting internal audits at the Company's various national locations. Approximately two years would be spent based in London with extensive travel throughout the British Isles, during which time appropriate travel allowances would be paid. Thereafter, a transfer would probably ensue to one of our accounting units in Ipswich, a pleasant provincial Head Office where we employ some 1,100 staff.

This is an excellent opportunity to enjoy a period combining a wide range of work in a variety of locations, with the satisfaction of a job that produces immediate results. The audit function provides a sound, comprehensive introduction to the company's accounting systems, a foundation on which future career developments will be based.

The salary envisaged would be around £7200 per annum, commensurate with qualifications and experience. The conditions of service/staff benefits are excellent.

Please write in confidence, giving brief details of experience, qualifications and personal background to:

Michael Paisley, Personnel Officer,
Guardian Royal Exchange Assurance Limited,
Royal Exchange, London EC3V 3LS.

Butler Till Ltd., Money Brokers

Require an

Inter-Bank Broker

Age 25-30 years

This is an opportunity to join one of the most respected money brokers in the City. Experience of the market is essential either in the capacity of a principal or broker. An attractive remuneration package will be offered to the successful applicant.

Please write in confidence giving details of personal and career background, to:—

The Managing Director,
BUTLER TILL LTD.,
Adelaide House,
London Bridge,
London EC4R 9HN.

DIRECTOR

PROPERTY FINANCE

The Commercial Mortgage Broking and Business Finance Consultancy subsidiary of a financial/professional group of companies based in London requires an individual with a good financial background and preferably with experience of property finance as a lender or consultant to assist in and accelerate the expansion of the company's activities. The successful applicant will be expected to work on his/her own initiative and it is intended that he/she will ultimately be appointed a Director of the company. The appointment carries an attractive salary and profit-sharing package.

Applications, which will be treated in the strictest confidence, should be submitted with full details of past experience to Box A.6844, Financial Times, 10, Cannon Street, EC4P 4BY.

YOUNG CHARTERED ACCOUNTANT

HONG KONG — **c. £8500 p.a. tax free + accommodation**

The Far Eastern Headquarters of a large U.K.-based trading group of world-wide repute requires a Financial Controller, ideally aged 26-28. He will report to the Hong Kong Group Financial Controller and will be supported by a local manager and staff.

His responsibilities will be the co-ordination and control of the financial function of the subsidiary companies and presentation of accounts to local management and the U.K. Board together with involvement in the compilation of strategic plans and the monitoring of Foreign Exchange requirements.

He will be expected to liaise with the group's professional advisers.

The company offers a two year renewable contract, six weeks U.K. leave per annum with family return air fares paid, medical insurance, pension scheme and life assurance.

Applications under Ref. No. RC123; to:

Miss Marion Williams, Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB. Tel: 01-353 5272

Extel Recruitment Executive Selection Consultants

CHIEF FINANCIAL EXECUTIVE

Required for a group of companies, in the Agricultural, Distributive and Services Industry, with a turnover in excess of £30m, situated in Darlington.

The person appointed will be responsible to the Managing Director for all financial and accounting matters, production of accounts and management information.

The person must be able to work closely with senior Trading Managers and capable of controlling and supervising staff at all levels.

For the right appointee, salary in the region of 5 figures would be considered.

Apply under Private and Confidential cover to:
The Managing Director, FARMWAY LIMITED,
King Street, Darlington, Co. Durham, DL3 6JL.

AMBITIOUS YOUNG ACCOUNTANT

Opportunity occurs for someone employed in leasing operation and finding progress slow. Central London location; new subsidiary of quoted company.

Replies to: The Chairman, Box A.6843, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY SECRETARY

Applications are invited for the position of Company Secretary to the UK Agricultural Supply Trade Association (UKASTA) to join the Association on 1st January, 1980, prior to the retirement of the present incumbent in the spring.

Applicants should be aged between 35 and 50, preferably with a degree or professional qualification. Please phone or write in confidence for a job specification and application form, to the Secretary, UKASTA, 3 Whitehall Court, London, SW1 (telephone 01-930 3611).

RESEARCH ASSISTANT

International firm of petroleum economic consultants require assistant to provide support to small team analysing worldwide energy supply and demand trends and international oil trade developments. Applicants should be in their early 20s and have appropriate qualifications. Salary and benefits commensurate with age and experience.

Write with c.v. in confidence to

C. Dean, Petroleum Economics Ltd., 1 Argyll Street, London, W1V 2DS.

Solidly-Based, Medium-Sized Firm of

LONDON STOCKBROKERS

has vacancies for four major commission earners on best commission terms.

Write Box A.6840, Financial Times, 10 Cannon Street, EC4P 4BY

ACCOUNTING/DP

MANAGEMENT CONSULTANCY

Ernst & Whinney Management Consultants, a recently enlarged consultancy practice with associated practices in Europe, the Middle East, the Far East and the USA, require additional consultants with an accountancy background. Our consultants will primarily serve clients within the UK. They can, however, expect to work periodically overseas and there are opportunities for those seeking prolonged periods abroad.

Required experience includes several years in a commercial or industrial environment with responsibility for financial management and cost accounting. In addition, the appointed consultants will have extensive experience of computerised data processing systems and hardware. Previous consultancy experience will be an advantage.

Successful candidates, who will probably be in their late twenties to early thirties, can expect a competitive remuneration, generous overseas allowances and an attractive benefits package.

Please send full relevant personal and career details, in confidence, to George H. Henderson, Partner, at the address below.

E&W Ernst & Whinney Management Consultants
11 Doughty Street, London, WC1N 2PL.

NATIONAL UNIVERSITY OF LESOTHO

Applications are invited for the post of SENIOR LECTURER LECTURER in the DEPARTMENT OF ACCOUNTING AND COMMERCE, commencing as soon as possible. The appointment will be for two years. Applications should be Chartered Accountants and/or holders of a Master's Degree in Accounting and Finance. They should be able to offer a subsidiary discipline in the field of Business Administration. The appointee will be expected to teach Financial Accounting up to degree level. Some ability in Auditing, Cost and Management Accounting is also desirable. Salary scales: Senior Lecturer R7,473-8,433 pa, Lecturer R5,493-7,527 pa (£1 Sterling = R1.88). The British Government may supplement salaries in range £1,644-2,508 pa (Sterling) for married appointee and £570-1,410 pa (Sterling) for single appointee (reviewed annually and normally free of tax) and provide children's education allowances and holiday visit passages. Family passages; baggage allowance; non-contributory superannuation scheme for permanent appointees, those on contract terms receive 25% gratuity in lieu of superannuation for first 2 years rising to 27½% and 30% for each subsequent and similar period of service; 15% inducement allowance for those not qualifying for any superannuation scheme; accommodation at reasonable rentals; education allowance; vacation and study leave. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent direct to Senior Assistant Registrar (Appointments), National University of Lesotho, PO Roma Lesotho, by 31 August, 1979. Applicants resident in the UK should also send one copy to Inter University Council, 90/91, Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

MCS Robertson & Scott

Offices in London, Manchester, Glasgow, Edinburgh, Aberdeen, Darlington, Hertford. Offices & affiliates worldwide.
This post is open to both men and women.
Recruitment Advertising Division

Financial Analyst

Up to around £7,000

Our client, based in Scotland, is a major financial organisation, assessing investment applications and providing financial assistance and technical expertise to a number of companies.

Reporting to the Corporate Planner, the post will include responsibility for planning and advising on our client's industrial strategy. This will allow considerable scope for influencing the financial planning aspects of industry studies and operations.

The ideal candidate will be qualified to MBA level or other relevant business qualification, coupled with practical experience of the workings of industry.

Salary will be negotiable; commensurate with qualifications and experience.

Please apply in writing, giving full details and quoting Reference R48292 to:

The Manager, Confidential Reply Service,
MCS/Robertson & Scott, MCS House,
23 Park Circus, Glasgow G3 6AS.

All letters will be opened, acknowledged and forwarded to our client. Please list separately any companies to which your application should not be sent.

All applications should be submitted within 14 days of the appearance of this advertisement.

Ground floor opportunity for top-flight talent.

Nexos is the newest entrant into the dynamic Office Systems market, dealing not just with word processing and office products but with total office systems.

We are looking for nine top salespeople with outstanding track records to grow with this newly formed company, and to grow into its management into the future.

Nexos knows good salespeople need good products to get their teeth into. Earnings will match the talent we want.

This is probably the best ground-floor opportunity the industry has to offer.

If you want to talk about it, send details to Muir Moffat, the Managing Director of Nexos, at the address below:

NEXOS

Nexos Office Systems Ltd., 1-11 Hay Hill, London, W1X 7LF.
Tel: 01-408 0797.

International Product Marketing Co-ordinator — Knitwear

Be part of the natural success of wool

The International Wool Secretariat is looking for a senior executive, based in its London Headquarters, who can be a major contributor to the continuing effectiveness of wool promotion operations in Knitwear and Hand Knitting Yarns.

To do this, you will work closely with our many overseas Branches which themselves are engaged in aggressive and sophisticated merchandising, advertising and technical programmes and will help exploit international marketing opportunities to sustain the long term demand for wool in your product area. Travelling extensively throughout the world, you will be expected to become an accepted authority on the Knitwear trade and international trends and will translate these into sound marketing concepts and plans, integrated with commercial fashion and PR services. Line responsibility for our Knitting Styling Workshop in Delft is also a key element of the job.

Naturally, you will already have an established reputation in selling or marketing in the Knitwear trade at a senior level and should therefore be aware of IWS activities. This should be reinforced with some direct involvement in overseas markets and an understanding of knitwear manufacturing technologies. Foreign languages would be an asset.

The salary and benefits will match the importance of the position to our organisation.

Please write to, or telephone:
Tel No: 01-930 7300 Ext. 217
Personnel Manager
International Wool Secretariat
Wool House, Carlton Gardens,
LONDON SW1Y 5AE

PURE NEW WOOL

Young Graduate Operations Analysis

c. London — to £8000

Our client forms the Headquarters of one of the world's leading marketing and manufacturing organisations.

They now require a young Business Analyst for their Operations Planning/Analysis function.

Your specific area of responsibility in this department will be to increase the effectiveness of costs and manpower control planning world-wide.

You will be expected to utilise and develop existing computer based information storage and systems and to liaise on a regular basis with senior management.

If you are a young numerate graduate with 2-3 years related analytical experience ideally in a multi-national environment and keen to move to a dynamic group, you will receive excellent training and can expect to benefit from the Groups policy of rapid internal promotion.

Ambition, self-motivation and good communicative skills will be essential personal attributes within this challenging organisation.

Please telephone or write quoting ref. RG 2473.

Lloyd Chapman Associates
125, New Bond Street, London W1Y 0HR 01-499 7761

Divisional Chief Executive

Civil Engineering • £20,000 p.a.

To join the main Board of a medium sized public Group and be responsible for the profitable growth and development of its Construction Division. The Division comprises several small, well established civil engineering companies operating in W. England and Wales and specialising in water treatment and sewage disposal schemes and other related works, as well as roadworks and bridge building. This new appointment is to succeed the present senior management who are to retire. Later and given success, the D.C.E. could assume a wider general management role embracing other Group activities.

Candidates, aged 40-45, must be Chartered Civil Engineers, with a proven record in the management of a company or division of a group engaged in medium sized civil engineering works. Some experience of contracts for Public Water Authorities would be of advantage.

Our client seeks a person of strong financial and commercial acumen, who is used to well disciplined systems of management and control and whose achievements include the ability to initiate profitable new business developments.

Please write with brief career details in confidence to H. C. Holmes, Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE.

Bull Holmes
PERSONNEL ADVISERS

INTERNATIONAL MERCHANT BANK

EUROBOND SALES

The Royal Bank of Canada (London) Limited is looking for personnel to join its recently established Eurobond Department.

One or more candidates are being sought, whose role will be to develop and maintain relationships with institutional clients located around the world. The person(s) whom we are seeking should have a proven record of selling fixed income securities and familiarity with Eurobond markets is desirable. A second European language, while not essential, would be an advantage. Salary is negotiable, with the usual bank fringe benefits.

If the challenge of working for the new merchant banking arm of a major bank appeals to you, please reply in writing, enclosing your curriculum vitae to:

Mr. S. E. Beckeman, Executive Director
THE ROYAL BANK OF CANADA (LONDON) LIMITED
107 Cheapside, London EC2V 6DT

All replies will be treated in confidence

Chief Accountant

An experienced qualified person is to be appointed as Chief Accountant of the Southern Region of W. & J. Glossop Limited. The successful applicant will be a member of the management team and will be based at Tonbridge. Besides a first class accounting background a well-developed business acumen and management ability is essential. This is a senior appointment.

Curriculum vitae to:

R. W. Simms, Esq.,
Joint Managing Director,
W. & J. Glossop Ltd.,
Vale Road,
Tonbridge,
Kent.

GLOSSOP

CORPORATE BANKING

MIDDLE EAST

Age 28-40 — **Salary: Negotiable**

An active subsidiary of a world-renowned Banking Group seeks to appoint an ambitious and self-motivated person to assist in the organisation and development of the Merchant Banking Division.

The job involves the development and supervision of medium-term lending, the marketing of the Bank's services, and corporate risk assessment. Additionally, the appointee will be involved in syndicated credit and guarantee facilities, and corporate and project advice to clients.

Applicants should possess sound experience of this type of work, from within International Banking, and be prepared to relocate on a permanent basis.

Salary will be generous, and benefits include free housing, substantial bonus and flight-paid home leave.

Please telephone, in confidence, Mark Stevens.

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

Rowe & Pitman

Members of The Stock Exchange

Salesman—Mining Securities

Rowe & Pitman are seeking an experienced Salesman to join its Mining Department specialising in the field of Base Metals. The applicant will complement a strong mining research capability covering companies in the U.S.A., Canada, Australia and South Africa. The successful candidate (male or female) will be based in our London office but a degree of travel is envisaged.

An attractive salary and profit-sharing bonus together with a non-contributory pension scheme incorporating good life cover will be offered.

Applications in confidence with full curriculum vitae to:—

Mr. P. N. Smith, Staff Manager, Rowe & Pitman,
1st Floor, City-Gate House, 39-45 Finsbury Square,
London EC2A 1JA.

R&P

R. P. MARTIN & CO. LIMITED

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are looking for experienced dealers in the following categories to work in London and, if necessary, overseas:

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European Currencies
Yen

Currency Deposits: Dollar Deposits

Please apply in writing to
Personnel Manager
R. P. MARTIN & CO. LIMITED
36/40 Coleman Street, London EC2R 5AN

ACTUARY— NEW ZEALAND

We require a recently qualified or near qualified actuary for our Auckland, New Zealand, office. Work is varied and involves mostly pension and small life office work for a local consulting actuarial practice. Partnership will be available for the right person after qualifying period. Some consulting experience is desirable and pay will reflect this. Pay will be in range NZ Dollars 15,000 to NZ Dollars 20,000 (about £7,500 to £10,000) and assistance will be given with moving expenses. We will arrange necessary entry permits. Please send curriculum vitae with contact phone number to:

Box A.6836, Financial Times,
10, Cannon Street, EC4P 4BY.

Interviews conducted July 23rd to 27th in London.

EARN £8,000 P.A. TO £25,000 PLUS

A leading firm of Investment and Taxation Advisers require additional Consultants for their London, Birmingham and Manchester Offices. Successful applicants will have the ability and knowledge to explain clearly the advantages of a range of attractive investment plans which are prepared by an expert professional back-up team. Personality, intelligence, enthusiasm and the ability to work hard are the principal requirements. Technical training will be provided initially and on a continuing basis. A permanent highly paid and exciting career is offered. Write enclosing snapshot, full CV and telephone number. Prompt reply and confidentiality assured.

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Interexec provide Britain's largest and most comprehensive confidential career advisory and job searching service for senior executives entering the employments market either in the U.K. or overseas.

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31 Southampton Row,
London WC1B 5HJ

Newcastle (0632) 29334
Milburn House,
Dean Street,
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UNIVERSITY OF LONDON

READERSHIP IN MANAGEMENT SCIENCE TENABLE AT IMPERIAL COLLEGE OF SCIENCE AND TECHNOLOGY

The Senate invites applications for the Readership in Management Science with special reference to the analysis of productivity and company performance, tenable in the Department of Management Science at Imperial College with effect from 1 October, 1979, or as soon as possible thereafter. Initial salary in the scale £8,182-10,097 (under review) plus £502 London Allowance. Applications (10 copies) must be received not later than 22 August, 1979, by the Academic Registrar (F.T.), University of London, Senate House, London WC1E 7HU, from whom further particulars should first be obtained.

هكذا من الأصل

Commercial Lawyer

London, to £11,000 + Car

We are looking for a qualified solicitor or barrister, aged 30+ and with the potential to handle a wide variety of legal matters on a worldwide basis. Sound commercial experience is required, preferably not limited to the U.K., and a period spent within industry or commerce is highly desirable. Our client is a major multi-national company with an outstanding profit record, engaged in the manufacture, sale and lease of business equipment. The successful candidate will join the small, professional team which advises Group management on legal matters and also co-ordinates the activities of legal departments in overseas subsidiaries. International travel will be necessary. Prospects are excellent and generous benefits include full relocation expenses.

H.W. FitzHugh, Ref: 20100/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:

LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

Group Chief Accountant

c. £14,000 + car - City based

You will have heard of this Group. Based upon traditional trading foundations, it has diversified into activities as far apart as Electronics and Hotels. It is largely decentralised, and the Group H.Q. co-ordinates rather than directs. There are over 100 subsidiaries throughout the U.K. and abroad. As holder of this post you will report to the Group Financial Controller, and be in charge of a small specialist team. You will control both financial and management accounting at Group level, including consolidated budgets, statutory accounts, cash flow and profit forecasts and tax planning. You will be a C.A. or possibly an I.C.M.A., and are more likely to have a commercial than an industrial background. Knowledge of tax planning and overseas accounting practises will help you. You will preferably be in your 30's. Reference 986/MDP.

Expansion has also led to two additional vacancies in the Department for young professionals, probably C.A's.

Financial Analyst - c. £8,000

You will want to strengthen your experience in the more specialised areas of accounting, including acquisitions and mergers, exchange control, raising loan capital and capital project appraisal. Reference 987/MDP.

Financial Accountant - c. £8,000

You are more likely to be interested in the basic accounting functions such as the preparation of consolidated accounts, budgets, cash flow forecasting, and the development and maintenance of group accounting standards. Reference 988/MDP.

Applications, which may be from male or female candidates, and will be treated in confidence should be sent to Malcolm Peel quoting the appropriate reference. As we don't send out application forms automatically, we would appreciate full career details. We do, however, promise our clients that we will move quickly; please, therefore, give telephone numbers (ideally both home and work) at which we can contact you.

BROOK STREET EXECUTIVE RESOURCES LIMITED

47 Davies Street, London W1Y 2LN. Telephone 01-499 7352

Financial Analyst

C. London **c. £11,000 + Car**

Our clients are a broadly-based engineering Group with a turnover approaching £200m, significant overseas interests and an impressive record of profit growth over the past decade. The Group is essentially de-centralised subject to the monitoring of plans and performance through a very small but high-calibre Finance Department at Headquarters. This new appointment reports to the Financial Controller and involves responsibility for researching and recommending acquisitions, evaluating capital investment submissions and conducting a wide range of ad hoc economic and financial studies. The person appointed will be a Chartered Accountant and/or business graduate with relevant experience in industry or "the City" and aged under 30. Most important, however, is a practical approach and the ability to establish good relationships with management of operating companies. REF. 792/FT. Apply to R. A. PHILLIPS ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter

Selection Consultants

ASSISTANT ACCOUNTANT

Circa £7,000 +

Due to promotion an opportunity for an Assistant Accountant has arisen in this well-known company. Co-ordinating with other departments you will be responsible for management information and appraisals of profitability of company operations together with the day-to-day running of the department. The successful applicant will probably have professional qualifications and some commercial experience.

Please telephone in confidence:

Cathie French,
Drake Personnel (Consultants),
25 Victoria Street, London SW1.
Telephone: 01-222 0284

Foreign Exchange Dealer

American Bank Milan

Our client, a leading American international bank active in foreign exchange markets world wide, is seeking a foreign exchange dealer aged between 25-30 with 3 years dealing experience.

The ideal candidate will be currently active in the market and will preferably be an Italian national with a good working knowledge of English.

Attractive salary and benefits commensurate with experience and ability.

Please reply with full career details, in strict confidence, stating the names of companies to whom your application should not be sent, to:

Mr. K. Whitfield. (Ref: CRS/125)
Account Director,
Lockyer, Bradshaw & Wilson Limited.
North West House, 119/127 Marylebone Road,
London NW1 5PU.

LBW

LOCKYER, BRADSHAW & WILSON LIMITED

U.S. MERCHANT BANK

YOUNG ACCOUNTANT

City **To £8,500 + Mortgage and Benefits**

Our client, a major U.S. Bank, has its Merchant Banking Group located in London. During the last few years it has achieved significant levels of success in *leading large international loan syndications, in the marketing of its range of* products through the international capital markets and the provision of financial advisory services.

This success has led to a requirement by Group management for more information and a young enthusiastic accountant is now required to become involved in implementing new E.D.P. systems and in providing appropriate management information.

Candidates should be qualified accountants (ACA, ACCA, or ACMA) aged to 26/27 with a proven successful track record to date, experience of sophisticated accounting principles and practices and a high level of enthusiasm and commitment.

For fuller information and a personal history form, please contact Ian Tomlsson quoting ref. 2538.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.

Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Banking

INTERNATIONAL ENERGY BANK LIMITED

wishes to appoint an experienced banker at managerial level to assist in the development of its *Corporate Finance Department.*

The responsibilities of the Department include the development of business relationships with borrowers and other clients in the energy sector. It is also *responsible for relationships with other banks, the syndication of euro-currency* and sterling loans, and for the Bank's portfolio of loans to government and state owned entities.

Accordingly, the successful candidate, ideally aged between 30 and 35, should demonstrate the ability, based upon sound banking experience and training, to develop and negotiate business at a senior level on behalf of the Bank. Familiarity with the petroleum or other energy sectors would be an advantage.

Please write, enclosing a curriculum vitae, in confidence to:—
J. R. Kettlewell, Senior Vice President, International Energy Bank Limited,
Winchester House, 100 Old Broad Street, London EC2M 1BE.

Chief Accountant

Midlands • c.£12,000+car

Our client, a subsidiary of a major British group, is a distributive company operating on a multi-site basis across a range of engineering related products.

As part of a recent reorganisation, a vacancy has arisen for a Chief Accountant who will be responsible for the management of a large Accounts department.

The basic responsibilities are those that you would expect, in terms of the preparation of quarterly and annual accounts and ensuring that the department is resourced and effectively managed to deal with the detailed administrative systems.

You will also be expected to play a significant role in the commercial decision making process using your financial perspective to influence both strategic and tactical thinking.

A further key responsibility will be the definition of new computer systems as part of a major investment planned in this area.

Applicants should be chartered accountants, aged between 30 and 40, who in addition to their basic accountancy skills, have well developed man management abilities, and experience of developing computer systems. *We will additionally be looking for evidence of a* strong business/commercial awareness.

Relocation assistance will be provided where necessary.

Applicants of either sex should apply to:
Johnson Wilson - Management Search,
87 High Street, Winchester, Hampshire, or
telephone Winchester (0962) 3319
quoting reference number 286/D.

JOHNSON WILSON MANAGEMENT SEARCH

CORPORATE LENDING

THE FIRST NATIONAL BANK OF CHICAGO is seeking additional business development executives for its Midlands and Northern office based in Leicester.

They will be responsible for marketing the entire range of the Bank's services to existing and potential industrial, commercial and institutional clients in the Midlands and North of England.

Candidates should have a relevant degree, professional or post-graduate qualification and experience in the field of corporate lending.

Although this appointment will be initially in Leicester, candidates should expect that in the course of their career with the Bank they may be relocated within the U.K. *There will be opportunities for overseas assignments.*

Salary negotiable with generous benefits including non-contributory pension plan, concessionary rate mortgage facility and car allowance.

Written applications incorporating a curriculum vitae should be addressed to:—

C. Anne Bathgate
Recruitment/Training Administrator
The First National Bank of Chicago
1 Royal Exchange Buildings
Cornhill, London EC3P 3DR

Director

North American Property and Casualty

The company A medium size Lloyds broker of repute developing rapidly with a young management team.

The position Responsible for the further development of a North American property and casualty business from a substantial existing base. Additional responsibilities are envisaged after an initial period.

The person Suitable candidates will be persons of stature and established reputation in this market. Salary and benefits will be such as to attract an experienced broker and will not be a limiting factor.

Write or telephone Don Gardiner in confidence. No information will be disclosed to our client without prior approval.

D. GARDINER ASSOCIATES
Executive Appointments
2nd Floor, Morley House,
26 Holborn Viaduct, London EC1A 2BP.
Telephone: 01-353 1884 or Cuffley 4011
(evenings and weekends).

UNIVERSITY OF KHARTOUM — SUDAN

Applications are invited for the post of PROFESSOR/ASSOCIATE PROFESSOR LECTURER in the DEPARTMENT OF BUSINESS ADMINISTRATION. Applicants should be qualified in the following: Accounting. Business Finance and Investment: General Management: Operations Research: Marketing Management. *Salary scales (exclusive of expatriate allowance):* Professor £S6,934 pa. Associate Professor £S5,424-6,237 pa. Lecturer £S3,554-5,243 pa (£S1 = £1.31 sterling). The British Government may supplement salaries in range £3,114-5,028 pa (sterling) for married appointee and £1,392-3,144 pa (sterling) for single appointee (reviewed annually and normally free of tax) and provide childrens education allowances and holiday visit passages. Family passages; baggage allowance; accommodation; car loan; superannuation scheme; various allowances. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent direct to the Personnel Secretary, University of Khartoum, Box 321, Khartoum, Sudan by 23 August, 1979. Applicants resident in the UK should also send one copy to Inter-University Council, 90/91, Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

Finance Manager

Circa £10,000, + Bonus + Car

A major City-based firm of stockbrokers is seeking to recruit an able, energetic accountant.

The Finance Manager will be involved in a dual role and be responsible for the supervision of the firm's Accounts Department and the preparation of budgets and annual accounts. It is anticipated that these responsibilities will account for about one-third of the time. The selected candidate will also be expected to advise on a wide variety of subjects, including corporate and individual financial and tax matters. He or she will report directly to the Senior Partner and opportunities for promotion are excellent.

The ideal candidate is likely to be aged 28-35 with an accountancy qualification and several years' post-qualification experience *gained in a medium to large* sized professional firm or financial institution. The ability to provide clear and effective advice is essential.

Please write, in confidence, with full details to: Peter Lee-Hale, Personnel Services Division,

Spicer and Pegler Management Consultants,
3-4 Bevis Marks,
London EC3A 7HL.

£6,000-£9,000
ACCOUNTANCY APPOINTMENTS
appear every Tuesday
Contact:
SALLY STANLEY
01-248 8000 Ext. 7177

Charles Barker
Confidential Reply Service

Senior Accountants (Overseas Postings)

Our clients an internationally known trading and banking group are seeking qualified Accountants (preferably ACA, ACCA or ACMA) for appointment within their overseas operations in Nigeria (Bendel State) and Sudan.

Preference will be given to applications from nationals of the countries concerned who can offer the ability and experience to carry out duties at senior level. These will include those normally associated with the day to day running of an Accounts Department in a commercial operation.

Salary and other benefits appropriate to overseas employment.

Ref: 1559.

LEADING EUROPEAN BANK
requires a

Foreign Exchange Dealer

for its active London Branch

The applicant should be aged between 23 and 28 with two to three years' dealing experience. A generous salary will be offered along with all the normal fringe benefits.

Please write in confidence to
The Companies Adviser, David Harden
Streets Advertising Limited
11 New Fetter Lane, London EC4A 1AS

in the first instance stating clearly any companies to whom your application should not be sent.

STOCKBROKERS

Private Client Department

We are a leading firm of Stockbrokers with a widely diversified business. We have a vacancy for a person to work in the *Private Client Department* and assist the Partners in general portfolio Management.

Applicants should be in the 20-27 age group with reasonable broking experience. An ability to think and write clearly is *important since the position involves regular contact with* clients both by telephone and letter. There is considerable scope for initiative and good prospects for promotion. There will be a fully competitive salary and bonus and pleasant working conditions in a modern office.

Applicants should submit full c.v. in confidence to:—

Walter Judd Limited, (Ref: L218)
(Incorporated Practitioners in Advertising)
1a Bow Lane, London EC4M 9EJ.

Indicating the names of any Companies to whom you do not wish your reply to be sent. If the list indicates the Company *involved, your application will be destroyed.*

AUTHORISED CLERK

Old-established member firm with a widespread business, home and overseas, requires an enthusiastic Authorised Clerk for general dealing.

Write Box A.6828, Financial Times
10 Cannon Street, EC4P 4BY

Charles Barker Confidential Reply Service

Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

International Banking
Senior Executive
City based £12,000 minimum

The demand for domestic and international corporate finance services from our client's banking operations are such that they now have to augment their executive cadre.

This is an exceptional career opportunity to join a vigorously managed, multi-disciplined group which is agressively expanding their specialised banking services to major companies, government bodies and financial institutions. A firmly established commitment to thorough and imaginative work underlines their strategy of blending active financial market operations with sophisticated analytic and advisory skills.

The successful applicant's ability to utilise advance corporate finance techniques for structuring and negotiating complex financial packages with customers as well as to bring syndicated loans and private placements to a successful conclusion will have been demonstrated through past accomplishments in a leading merchant/international banking environment.

Candidates are unlikely to be aged under 30 and must have attained a high educational standard (a good degree/M.B.A. with possibly a professional qualification).

Personal qualities must include self motivation as well as the ability to develop innovative solutions for customers requirements and to work independently within a team concept. The position requires an experienced professional with the capacity to project a high level marketing image and to communicate effectively with the senior echelon of their customer's management and the banking community.

The remuneration package is fully negotiable to reflect the seniority and importance of this position in order to be attractive to the successful individual.

Our client would like to discuss further details of this position personally with suitably qualified candidates.

Reference 1560

Head of Financial Analysis
c £11,000 + benefits

Our client is the London operation of one of the World's leading international Banks. They are currently looking for a qualified accountant aged around 30, who is presently working in a multi-national organisation and who can demonstrate analytical skills, in-depth experience of accounting principles and the ability to apply these in a banking environment.

There is a clearly-defined career progression within the Bank and one of the essential qualities for success is the demonstrable potential for a senior management role.

One of the initial responsibilities of this position is to develop existing management information resources in order to provide a wide range of accounting services for senior management.

Other aspects of the job will provide a stimulating challenge to the right candidate in the areas of financial analysis, planning and control.

Reporting to the present head of financial services the successful candidate will need excellent inter-personal skills and the ability to lead a team of ten.

Please contact:
David Clark, FCA, Consultant. Ref: 2906.

David Clark Associates
4 New Bridge Street, London E.C.4
Telephone: 01 353 1867

FINANCIAL CONTROLLER
FOR LANDED ESTATES
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We are looking for a recently, or nearly qualified Accountant aged 28+ to understudy our present Financial Accountant and, eventually, succeed him.

The successful candidate will have a good financial accounting background and understanding of accounting controls preferably in insurance, together with experience of supervising and motivating staff.

Experience of computer systems is desirable as he/she will be involved in the development and updating of accounting systems.

The remuneration package will include a low interest staff mortgage scheme, free BUPA and other benefits.

Please write, in confidence, with full career details including present salary to Mrs. O. Trenchard, Chief Personnel Officer, The Colonial Mutual Life Assurance Society Ltd., 24 Ludgate Hill, London EC4P 4BD.

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Europe & Middle East. £12-£15,000

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Your prime responsibilities will be to advise General Managers on financial management, local taxation and legal matters, while overseeing the smooth running of all administration concerned with your department.

Aged 35-45, you should be fully qualified, preferably in accounts and works management, with a background in the food, hotel or leisure industry, or experience in international corporate finance seeking a genuine career path in the international hotel industry.

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For further information please contact:
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* C.A. or equivalent
* Age 30 to 45
* Industrial/Commercial experience at a senior level in financial control and management accounting with an emphasis on cash management and stock control.

The Financial Director is expected to take entire charge of the Company's financial function and as a Board member be positively involved in the total trading operation of Oddbins.

Write with full details of background to:–
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Oddbins U.K. Limited,
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73 Wapping High Street,
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Private Bankers

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The successful applicant would have a choice of working in London or Manchester.

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Candidates should be aged 20 to 25 with several years' experience in securities which may have been gained in a bank or stockbroker's office. General banking experience desirable.

Salary is negotiable depending on qualifications and experience and includes a comprehensive range of fringe benefits.

Please write enclosing full career and educational details and quoting Ref. SC to:

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Irving Trust Company
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London EC3V 3NT

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The successful applicants will be given every opportunity and support to develop further our business worldwide but need to have had some experience of fixed interest markets and be self-motivating.

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£6,000 accountancy appointments £9,000

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For the full text of the advertisement please see the F.T. of that date or telephone Sally Stanley on 01-248 5597

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BLOCK LETTERS PLEASE

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SHIPPING

Scrubs barnacles and weeds away

TRELLEBORG AB has demontrated a new semi-automatic underwater hull cleaning system which permits the total underwater hull cleaning of today's largest VLCC's in about one day, almost irrespective of the amount of fouling, with the minimum of diver intervention, and with little effect from current or poor underwater visibility.

The new system, named Trellclean, works from a catamaran raft moored alongside the vessel being cleaned. This raft carries the hydraulic power source for the cleaning machines and the raft's propulsion system and winches.

Cleaning heads located beneath the raft are pressed to the vessel's hull by the suction created by fast revolving brushes, which in turn, through their rotation, provide forward motion on their cleaning arcs.

The raft drives itself at a synchronised speed along the hull by its own winches.

The diesel engine that powers the hydraulic pumps also provides power for illumination and compressed air for divers, who are required for cleaning difficult areas around the bulbous bow, sea connections, rudder edges and propellor blades.

The complete system, which includes separate diver-held brushes is suitable for cleaning a wide range of vessels and is available for lease from Trelleborg which is establishing contact with existing marine contractors at key locations worldwide with the objective of setting up joint venture cleaning stations.

Trelleborg AB, Fack, S-231 01, Trelleborg, Sweden.

● QUALITY CONTROL

Strength of timber

A STRESS grading system designed to asess the structural strength of timber automatically is being marketed by Hydro-Air. It is called the Timgrader and is manufactured by the RAU-TE Group in Finland.

The machine can be programmed to convey timber (35 to 75 mm thick and 75 to 300 mm wide) through at speeds between 50 and 150 metres per minute and the measuring frequency is synchronised with the passage speed selected.

Measuring takes place at 100 mm intervals and identification dye is sprayed on at every measuring point. The grade attributed to any piece of timber is that of the weakest section.

Full data on the Timgrader and associated timber feeding and sorting equipment is available from the company at Colston House, London Road, High Wycombe, Bucks. (0494 34006).

Revised glossary

NEW EDITION of the British Standards Institution's "Glossary of terms used in quality assurance (including reliability and maintainability terms)" is now available at £8.80 from the BSI Sales Dept., 101, Pentonville Road, London N1 9ND.

This revised version is known as BS 4778.

This equipment designed for use on remote locations might be called a mobile power station. Manufactured by Sitemaster Sales of Blackpool, it includes a 440-volt, 50 Hz alternator driven by a 6-cylinder 90 bhp engine, a water/sludge pump capable of shifting 20,000 litres an hour, a 300-amp oil-cooled welding set, four quartz halogen flood lamps mounted on a 5-metre telescopic mast and a Hydrovane 120 PU compressor with sufficient power for two hand-tools and one pneumatic hammer to be operated simultaneously. All on-board equipment can be operated at the same time and surplus power can be directed through the socket panel to ancillary equipment of the operators' choice.

● MATERIALS

Growing role of laminates

WHEN THE Brazilian jungle has all finally been cut down by man, Formica will still be going strong to fool its customers—the look of natural wood, as well as the appearance of real leather, stone, marble, etc, will be simulated in a myriad display of the company's product, says managing director, Ian Willis.

Although wages have increased tenfold in the 35 years Formica has become a household name, its laminates have only trebled in price, and reputation and quality of the product have been thoroughly maintained due to the day-to-day activities of the company's research centre at Maidenhead.

Some 80 engineers, chemists, et al, are involved with research and development in the decorative plastics laminate field on the 27-acre site in Lower Cookham Road. Principal specialist areas here include the chemistry and technology of melamine and phenolic resins, materials science, physical chemistry, instrumental and chemical analysis, paper science and process engineering.

Other areas of study include wetting characteristics, resin characterisation and rheology, and flammability.

Among the more sophisticated techniques used are differential scanning calorimetry, gel permeation chromatography, mercury porosimetry, high temperature viscometry and gas-liquid chromatography. Close contacts with universities and research associations provide opportunities for use of scanning electron microscopy, nuclear-magnetic resonance and other complex techniques.

Fire testing has always been a prominent activity, says the company, and a range of methods is used for assessment of both new and existing products against current and evolving standards.

Boasting a facility that no other laminate manufacturer in the world can begin to match, the company invited the Press last week (the first-ever "outsiders") to witness the function of the research centre.

Traditional application of Formica as a kitchen work-top surface is only the tip of the iceberg . . . you never know when you're going to bump next against a laminate. It could be a skirting board, door, wall in an operating theatre, desk at London Airport and, ultimately, a coffin liner.

Interchangeable between the kitchen sink and the bedhead, the new natural range of decorative finishes can be used anywhere in the house, hotel, motel, school or hospital.

The harsh image of plastic is out—a "bamboo" pattern and surface looks and feels like the real thing. Cleverly simulated to hoax even tactile examination it is, nevertheless, fully sealed—allowing no risk of germ trap or a reduction in the company's hallmark of easy-clean.

Constantly in collaboration with architects, furniture designers and interior decor experts, Formica promises not only to maintain aesthetic standards of its product but, in the present trend, satisfy its preference for "natural materials," continuing to fill the gap as the latter becomes more and more scarce.

DEBORAH PICKERING

As strong as tiling

HIGH performance coating material from Protective Materials of Chessington, PML Epoxy Coating, will provide a finish comparable to tiling at very much less cost.

Developers say that the material, when cured, is stronger than most surfaces to which it is applied, will resist many strong chemicals and can be supplied in decorative colours.

Two-part pigmented formulation with no solvent has been chosen for application to building surfaces by brush or roller to thicknesses of about 0.125mm per coat.

Overnight curing goes hand in hand with high adhesion and the material can be used as a floor coating, if desired, provided it is combined with the company's anti-skid formulation.

Protective Materials, Oakcroft Road, Chessington, Surrey KT9 1RF. 01-397 3344.

● INSTRUMENTS

Remembers the geometry

AN INSPECTION system that will measure the profile of camshafts, remember the figures and compare them with those obtained from a known good item is available from Survey and General Instrument, Fircroft Way, Edenbridge, Kent TN8 6HA (0732 864111).

Using a light beam and photo-diode system the unit checks the dimensions as the shaft rotates about a fixed axis, measuring base circle run-out, maximum lift, lift profile phasing, journal diameter and out-of-round.

Data is manipulated using an eight bit microprocessor and if the figures do not tally within desired tolerances with those kept in the memory, the component is rejected.

The system will plot out the data and also compute deviation from specification. In addition, computer-compatible data on tape or disc can be provided for later analysis. Trends in production can be shown over a period as well.

Geometry of a 16 lobe camshaft can be analysed in about 18 seconds and the accuracy of measurement is plus or minus 50 micro-inches for any one dimension.

Vibration in measurement

LOW COST and portable, a monitor for direct measurement of plant and machinery vibration levels has been introduced by First Inertia Switch.

VM 3S offers readout of acceleration, velocity and displacement with scale ranges to accommodate all levels associated with machinery in common use.

Robust construction makes it suitable for on-site inspection, power being supplied by U2 batteries. "Power on" and "battery low" indication is provided.

First Inertia Switch, Elvaco House, High Street, Egham, Surrey. Egham (07843) 4400.

● HEATING

Pulls fumes away from workplace

CENTRALISED high vacuum air extraction, suitable for welding and other applications, has the advantage, the makers claim, that low volumes of air at higher velocities are used. This means that suction heads are more efficient and can be located farther from the point of welding or fume emission; the hoses and pipes are smaller, making them easier to handle and cutting the capital cost of installation.

The suction heads are small and have magnets fixed to them, so that it is easy to locate them. Horsepower required per welder, or per point, is the same as in other systems, normally about 1.5 hp per welder.

Novavent centralised high vacuum extraction system for welding, and other uses, is made in Denmark by H. Nielson and Son (Maskinfabrik) A/S, of Copenhagen, and is handled in the UK by Richmond Marketing, 5, Fernhill Close, Kenilworth, CV8 1AN.

The system can incorporate dust and oil vapour collectors.

As the system uses lower quantities of air, it does not take so much heat out of the factory in winter. Heat loss, such as it is, can be recovered with a heat exchanger.

Further from Richmond on 0926 59789.

● DATA PROCESSING

Engine plant automation

HARD ON the heels of the disclosure that General Automation in the U.S. had provided major operational savings to Ford comes the announcement that Ford Motor Company has ordered 32 Mini/Micro range computers.

These computers will be used in five process control and monitoring sytems at the recently announced Ford engine plant in Bridgend, Wales expected to come into operation in the early eighties, this will, at full capacity, provide over 2,000 jobs in Wales.

The order, including both the hardware and some software supplied by GA, is worth in the region of £½m. The GA 16/440 and 16/330 represent the majority of hardware in the Ford order. GA 16 series was developed primarily for dedicated real-time applications. Thus high reliability of core memory and micro-programmable architecture are two salient characteristics.

General Automation, 43 Windsor Road, Slough, Berks. Slough 72331.

Merges tape and fiche

MICROMEDIA Division of Bell and Howell has given the computer a photographic memory.

In the past it has been necessary to translate graphic information into a digital picture which takes up to 40 times as much computer storage capacity (160,000 bytes) as a single A4 document of text.

Rather than digitise graphic information, the new CRP method uses conventional microfilm technology to store graphics while alphanumeric text is stored on computer magnetic tape in the normal way.

To produce a combination of graphics and text, such as in a catalogue or parts manual, the CRP system converts the text listings from magnetic tape to microfilm or microfiche using Computer Output Microfilm techniques and merges the graphics presentation with the text with considerable precision at a reduction of up to 48 times smaller than the size of the original text and illustrations.

The technique was developed by Micromedia to meet the requirements of British Leyland for its Superfiche parts catalogue system.

Bell and Howell, 33 Woodthorpe Road, Ashford, Middlesex.

● PLASTICS

Success in intricate moulding

KABI has carried out an extremely complex moulding for English Numbering Machines. The latter decided that its new electrosensitive matrix printer, ESP-40, should be a one-piece plastic moulding instead of a fabricated metal assembly.

The frame is 8 inches wide, 8 inches deep and 4 inches high (203 by 203 by 101 mm), has many slots, countersunk holes and angles and, above all, needed to be very accurately moulded. The six-piece mould was designed by Plastipol, a Kabi associate.

Kabi (Electrical and Plastics), Cranborne Road, Potters Bar, Herts. EN6 3JP. Potters Bar 51467/53444.

Stock control of builders' hardware

BUILDERS' merchant business requires a large stock of thousands of different items, some of which are sold as units, in set sizes, by length in metric and imperial measurements, or by weight.

The pattern of trade fluctuates on a day to day as well as on a seasonal basis, and while turnover varies from month to month, matching stock levels must be maintained at all times.

Cost of holding large stocks inevitably entails cash flow problems, as even the weather can affect trade significantly.

Up-to-date, totally accurate management reports on cash flow, credit control and stock control are vital.

Adler Business Systems has developed a tailormade builders' merchants accounting and management system on the TA20 small computer.

Depending on the size of business and the speed required, Adler will provide the TA20 SE, using a golfball typewriter (SE=Single Element) which operates at a speed of 20 characters/second, or the TA20 NP, with a needle printer which operates at a speed of up to 140 characters/second on a wide print carriage.

Programs are recorded on cassettes and both systems have been designed for operation by junior staff, after less than two days' training.

Adler Business Systems, Jordan House, 47, Brunswick Place, London N1 6EG. 01-251 2712.

Olivetti plans market assault

THE ARRIVAL of Keith Walkerden in April as the new managing director of British Olivetti has been followed by a reorganisation of the data processing division with a view to increasing the company's share of the £100m distributed processing market from its present level of about six per cent.

Already achieving business at a rate which is 85 per cent greater than last year, the division recently won a £23m order from the Danish savings bank and it is understood that other sizeable orders have been won in the UK from a Government department (rumoured to be the Department of Health and Social Security and involving over 500 terminals for dealing with benefits), from a big car maker and a leading rental company, believed to be Ford and Hertz respectively.

Basically the division has been broken down into financial, government and trade/industry sections, these specialities being suitably represented in a number of geographical regions.

British Olivetti should be able to look forward to new success under Walkerden: in Australia, where he held a similar appointment, some 75 per cent of the terminals in banks and financial institutions have been supplied by the company.

He admits that there, the company was able to offer exactly the right new product at the right time and at the right price. In the UK the matter might prove to be somewhat more complicated.

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

Talbot in Europe, 101 years on

BY MICHAEL THOMPSON-NOEL

GIVEN THE bewilderment, not to say odium, that can be generated by a major corporate change of name, Chrysler Europe appears to have scored a copybook success in its name change to Talbot.

Reviewing the first eight days of the operation, Talbot UK marketing director Michael Rowe said yesterday that initial research showed that the new identity was widely approved by the company's dealer organisations.

Broad sections of the motoring public may still be puzzled why British Leyland renamed itself BL, although the company is working hard to re-inject its Austin and Morris brand labels with style and personality.

On the other hand, the name Chrysler clearly had to go as soon as possible after Chrysler in the U.S. had sold its operation in the UK, Ireland, France and Spain to Peugeot-Citroen.

Talbot is spending heavily on a European advertising campaign to establish its new identity, although it will not discuss the scale of expenditure.

Earlier, there were doubts whether Chrysler Europe, its products and dealer networks, would remain autonomous or be absorbed by Peugeot or Citroen. Research showed that none of the brand names owned by Chrysler Europe — including Hillman, Humber, Sunbeam, Singer, Simca, Delage and Delahaye—fared as well as Talbot when it came to projecting an image strong enough to be used uniformly both in Britain and the key Continental markets.

John Murphy, managing director of Novamark International, which specialises in brand name creation, applauds the choice of Talbot. "My initial reaction was one of surprise, because the name is going to be used across Europe. At first I thought Simca more appropriate, but I think it a really good strategy to go back to a great name from the past, particularly with the Continental markets in mind. I understand Talbot was very well received in France. It's a relief they didn't fall for Hillman.

"The choice of name is so important to motor manufacturers. Too often it is done with a laying on of hands. It is generally taken seriously, but seldom professionally."

(Multimark devised the three competing names for the new BL Mini: Mini Match, Mini Maestro and Mini Metro. Mr. Murphy narrowly preferred Match, but the choice was put to a ballot of the workforce: Metro won.)

In its Press ads, Talbot has stressed the future while summoning up the past. One ad described the Alpine and Horizon as "on-going Talbot models," spoke of the Talbot Sunbeam and Talbot Avenger, and heralded new additions to the range, cars that would be "dedicated to that essential Talbot promise—the sheer pleasure of driving a car." Another ad, in Motor magazine, reminded motoring buffs that it was a Talbot that Rosier drove to victory in the 1950 Le Mans.

The same magazine reported that the Talbot family tree was so convoluted it reduced "most motoring historians to frenzy and dispair." Put briefly, when Peugeot-Citroen bought Chrysler Europe, it inherited the English Talbot name that had descended via Rootes to Chrysler UK, and the French Talbot name that had descended from two 19th century French bicycle makers to Simca. The bicycle makers set up shop in 1878.

The Talbot family is now truly re-united.

U.S. TV advertising is under anti-trust attack

Is there anyone viewing out there?

BY PATTI REALI IN WASHINGTON

WITH ITS REGULAR fare of advertising clutter and formula sex and violence, commercial television in the U.S. leaves much to be desired, but no one doubts the power of the telly as an effective advertising medium.

At present, a move is afoot in Washington that may change commercial broadcasting arrangements, leaving the viewer to bear even more advertising—or bolt for the kitchen. The Justice Department has filed an anti-trust suit in a federal court challenging the validity of the Television Code Time Standards—the broadcast industry's self-regulatory guides that largely determine how much airtime, and in what lengths, is available for sale to advertisers.

The suit charges that the National Association of Broadcasters (NAB) and its co-conspirators—its member television stations and networks—have artificially driven up the price of TV advertising by restricting the time allotted per hour for programme interruptions.

The NAB is a trade association based in Washington. It represents more than 5,000 radio and TV stations and networks. The association and its "co-conspirators" have allegedly "been in combination and conspiracy in unreasonable restraint of trade and commerce," and in violation of the Sherman Anti-Trust Act.

Few in the advertising business regard an increase in the number of ads as the final solution to the problem. Most want to see the medium return to a buyer's market from the seller's market it has become, but much as advertisers want to see TV costs reduced, there is a distinct possibility of destroying television as an effective advertising medium by allowing even more commercials.

Current advertising practices, according to the NAB code, limit total paid advertisements to 9½ minutes during an hour of prime-time viewing. Prime-time, between the hours of 8 and 11 pm, is the most expensive period during which to buy advertising.

Commercials in prime time are limited to 30 and 60 seconds in length. No more than four consecutive commercials are allowed in any one commercial break, public service announcements excluded. Since the number of ads is restricted, costs tend to be enormous. According to one report, an American Broadcasting Company spokesman has quoted the average price of a 30-second commercial during prime time at $70,000.

The most important determinant *governing ad prices* is obviously the programming itself. A major event, like the annual Academy Awards ceremony, broadcast via satellite to 51 countries, commands as much as $225,000 for 30 seconds.

Should the Justice Department suit succeed, the advertising time code may cease to exist. As one anti-trust lawyer pointed out, a more competitive atmosphere would enable individual stations and networks to determine the amount and cost of commercial air-time to suit their own competitive needs.

The question remains as to whether the networks and stations would flood the airwaves with more commercials in the absence of the code. The president of one New York advertising agency asserted that if the number of ads was allowed to double, the impact of each would be severely diminished. "We'd have to buy twice as many ads to stay even." It summons up the prospect of a ridiculously vicious circle: increased ads equalling reduced advertising effect equalling ever more ads.

In any case, would the viewing public benefit more from a rigid application of the anti-trust laws than it does from present arrangements and the television code? With the public already complaining about advertising clutter, it is hardly imaginable that even more commercials would be welcomed.

One fear looms large above the heads of the broadcasters: that too much advertising will drive viewers away from the medium altogether as a source of entertainment. Deregulation fever is currently in the air in Washington. It hit the airline industry and the haulage industry may soon be going that route.

But it is not at all obvious that any new arrangement allowing an increased number of commercials at lower prices would stimulate any rise in television viewership. In the end, the whole challenge may prove an exercise in futility.

Renault switches £3.5m out of BMP

IN ONE of the biggest advertising account changes so far this year, Renault UK is parting company with Boase Massimi Pollitt Univas from next January 1 and transferring its account to McCormick Intermarco-Farner. Renault spent approximately £2.5m on UK advertising last year, may spend £1m more this year, and could raise its 1980 budget even higher.

McCormick is now part of Intermarco-Farner which in turn belongs to the French-based Publicis network which handles much of Renault's advertising throughout Europe.

McCormick's billings last year were £10m, but it has added on approximately £5m in the first half of this year and should bill at least £20m in 1980. It resigned the Leyland Trucks account in order to take Renault on board, although chairman John McCormick does not believe there was a conflict of interest involved.

Mr. Alain de Saint-Victor, managing director of Renault UK, said: "I felt the need to work with a successful British agency which is an integral part of a strong international network. The decision to appoint McCormick's was made after reviewing their UK automotive experience and their work for other clients."

Harrison Cowley will continue to handle local dealer advertising for Renault UK.

● NATIONAL TRAVEL COMPANY has transferred its £750,000 National Express Coaches business from J. Walter Thompson to the recently-merged Chetwynd Haddons wpt. following a general review. JWT and BMPU were the other agencies on the final short-list of three. Chetwynd Haddons will operate the account from September 1: its billings move to £11m.

● HUMPHREYS BULL, billing £4m after two years, is to handle Slazenger's £350,000 UK and European account.

● THE ITV companies' net advertising revenue in June was £32.4m, compared with £23.8m in June last year.

The cost of a UK salesman is now £13,965 a year, according to the latest survey

Man on the road

BY RUDI GOLDSMITH

THE COST of keeping a UK salesman on the road is now only fractionally below £14,000 a year—£13,965 compared with £12,046 in 1977. The latest Sales Force survey shows overall that the rate of inflation in this field was slightly higher last year than in 1977—15.9 per cent against 15.3 per cent. The increase is in line with the increase in salesmen's remuneration, which rose by 14.9 per cent in 1978, but there are major differences in the percentage rise of other cost items.

In the 1977 survey it was noted that to all intents and purposes there had been no increase in the cost of area management due to the tendency of many companies to assign larger territories to area managers and to handle key accounts through specially trained salesmen.

Last year there appears to have been some retrenchment, and the costs of area management rose by nearly 22 per cent per salesman. Sales management costs per salesman increased even faster, by 32 per cent.

A few individual points are worth commenting on:—

Salesmen's remuneration: This rose by 14.9 per cent last year, which was in line with the national index of overall earnings. Among companies that co-operated in the survey there appears to have been no further shift to the use of women merchandisers and the increase in remuneration seems to reflect a true increase in income.

Cars: The average purchase price of sales rep cars rose by over 31 per cent, to £3,250: service and repair costs rose by 33 per cent. Among companies involved in the survey, Ford's share rose to 70 per cent of the total number of vehicles involved. Vauxhall, with 14 per cent, pushed BL into third place with only 11 per cent.

Away-from-home expenses: There are very few companies, about one in 15, that have representatives staying away from home overnight, but the expenses incurred in working from home have risen substantially, by nearly one-tthird. This reflects increased costs of petrol, greater mileage in view of the cutting down in staying-away expenses, and miscellaneous items.

Sales analysis, secretarial and internal administration: These items show an overall increase of less than 7 per cent, possibly accounted for by the greater use made of computers in paying wages, conducting sales analysis and so on.

Given that the average salesman now spends 43.5 weeks a year on the road, the inclusive cost per salesman's working week has risen to £321 per week. This compares with the cost of using contract salesmen, currently £220 per man/week when working from home, inclusive of personal remuneration, expenses, car and petrol allowance, campaign planning, administration and supervision.

Even allowing for the fixed costs of existing sales managements, the gap between the cost of maintaining sales forces large enough to cope with territory relief, holidays, seasonal selling-in and new product launches, and the cost of using contract salesmen in these situations, widened even more last year than in 1977.

COST OF A SALESMAN

	1977 (£)	1978 (£)
Cost of Recruitment (advertising, interviewing, etc)	96	114
Remuneration (including bonus, commission, prizes, National Insurance and company pension)	5,240	6,023
Company vehicle—depreciation	477	515
services and repairs	250	334
licence, insurance, and non-insurable damage	158	179
loss of interest on capital	245	291
Expenses for operations from home: 1977—40.6 weeks at £42	1,705	
1978—41.9 weeks at £53		2,220
Expenses for operations from hotels: 1977—3.2 weeks at £127	406	
1978—1.6 weeks at £156		250
Sales Manager (inclusive of secretarial expenses and overheads)	545	719
Area Manager (inclusive of expenses and overheads)	1,389	1,692
Wages calculation	46	57
Sales analysis	347	330
Secretarial (including overheads)	515	571
Stationery (daily reports, expense claims, postage, telephone, accounts)	437	478
Training	190	192
TOTAL	12,045	13,965

LOMBARD

Where the AGR misses out

BY DAVID FISHLOCK

THE UK Atomic Energy Authority is 25 years old today. It was set up as the repository of Britain's nuclear expertise, previously rooted in the Ministry of Supply, at a time when the government was planning the world's first nuclear power programme in response to its fears for a shortage of coal. The formula has been copied widely throughout the Western World.

Indeed, the UK AEA is much more widely respected today outside than within Britain. Why this should be so is not hard to understand. Under the gentle diplomacy of its present chairman, Sir John Hill, who has held the post since 1967, it has been instrumental in forging inter-governmental partnerships and collaborations, one strong feature of an otherwise fragmented and fragile new industry. The International Nuclear Fuel Cycle Evaluation, which President Carter has persuaded over 50 nations to participate in, has already done much to confirm the essential commonsense of the UK AEA's international decisions of the past 25 years.

Profitable

The UK AEA has spawned two profitable subsidaries — British Nuclear Fuels, with group earnings approaching £300m last year, and the Radiochemical Centre with earnings of nearly £40m. Both are wholly owned by the UK AEA at present, although the government is free to sell up to 49 per cent of their shares.

BNFL is also Britain's shareholder in two of the most successful inter-governmental nuclear ventures, namely Urenco, the Anglo-German-Dutch uranium enrichment company, and United Reprocessors, the Anglo-German-French company for reprocessing spent nuclear fuel. Urenco has orders in hand worth about £1.7bn, and United Reprocessors has orders worth about twice as much.

If the UK AEA has a fault in its overseas image it is that it has sometimes tried to exact a price for partnership other nations thought unrealistic, even arrogant. This was the case, for example, in fast breeder reactor technology, where in the 1960s it had given Britain a clear world lead. Since then it has found itself holding a diminishing asset in the absence of a follow-on project.

In Europe today the French have a clear lead of several years. Yet Britain may still be able to produce the basis of a respectable partnership with the French on the strength of its experience with the fuel cycle.

But back at home the UK AEA has a quite different problem. Understandably enough, it wants to press ahead with its own big fast reactor demonstration, the main purpose of its research programme today. But the nation's nuclear problem centres on the advanced gas-cooled reactor (AGR), the UK AEA's own invention, developed in parallel with the U.S. light water reactors.

No match

Unfortunately, as a recent Panorama programme illustrated so harshly, the AGR has proved no match for its rivals, whether judged by numbers sold, the size (and hence economics) of reactor, or technical performance. Its advocates assure the public that it will be a success, especially when newer modifications enter service in the mid-1980s. Its critics allege that it is still slipping further behind.

Perhaps the weakness lies in the fact that the AGR never seems to have had a patron; one man clearly identified with the idea and with making it a success and laying down basic standards, as Lord Hinton was with its predecessor, the Magnox reactor, and Admiral Rickover in the U.S. with the pressurised water reactor.

The seeds of the AGR's dismal industrial performance were sown in the mid-1960s when, having contrived by an ingenious ploy to persuade the electricity supply industry to invest in the reactor, the UK AEA held aloof from the formidable problems of engineering development and concentrated on the fast reactor.

Reactors are very complex engineering systems; the pinnacle, some would say, of engineering achievement. Unless the UK AEA, as Britain's reactor inventor, can also provide or inspire the leadership needed to perfect the system, Britain will do well to put its faith in international partnerships and in transferring technology perfected at someone else's expense.

Bank mistakes and bankruptcy

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

WHEN THE Chase Manhattan Bank in 1974, paid $2m twice over to the now insolvent Israel British Bank in London, it made a painful mistake but one which did not create any difficult legal issue. Mr. Justice Goulding held earlier this week that the payment made by mistake obliged the Israel British Bank to hold the money as trustee. That would have prevented the money being mixed with other assets. Any receiver would have had to return the money as long as it was still in the kitty.

Much more difficult legal problems result when the bank honours a cheque by mistake which has been stopped by the client in anticipation of the payee's insolvency, or when the client objects to a direct debit to his account made in favour of an insolvent company.

Computer risks

The question whether a bank which overlooks its customer's instructions to stop payment of a cheque can recover the money was decided for the first time in English law by Mr. Justice Robert Goff in a reserved judgment* of April 24, 1979: the full text has only now become available. The importance of the decision is the greater as the use of computers seems to have increased the risk of mistake.

There was no dispute between the parties about the facts of the case. On September 12, 1976, the Royal British Legion Housing Association drew a cheque for £24,000 on Barclays Bank in favour of W. J. Simms Son and Cooke (Southern), a firm of building contractors. The cheque was sent on receipt of an architect's interim certificate under a building contract between the association and the builders. However, on the following day the National Westminster Bank appointed Mr. William Sowman as receiver of the builders' company which had run into trouble. Having heard of this, the association telephoned Barclays at 9.20 am on September 15 to stop payment of the cheque.

The bank's computer was immediately programmed not to honour the cheque. However, it reached the receiver, Mr. Sowman, who paid it in at a branch of National Westminster with instructions that it should be specially cleared. The official at the Barclays branch which received the special presentation overlooked the stop instruction and credited National Westminster on 16th September which was a Friday. Next Monday the cheque was rejected by Barclays computer. The association claimed that under the building contract they were entitled to stop the cheque when they heard of the receiver's appointment. The receiver refused to repay the money to Barclays but put it in a separate account pending proceedings which Barclays started, claiming repayment of £24,000 from the building company and Mr. Sowman, the receiver.

The judge concluded that the money should be repaid to Barclays. The real dispute, he said, was between the association and the receiver on the question whether, under the building contract, the association was entitled to stop the cheque. But for the mistake of the bank, this would have been the dispute.

The main points of the defence were, first, that the money was irrecoverable because it was paid in discharge of the association's obligation, either under the building contract or under the cheque. The second line of defence was that the bank could not recover the money because it had failed to give notice of its claim on the day when it was paid—this was based on a principle established in 1829 (in Cocks v. Masterman) in respect of bills of exchange. The first argument was rejected by the judge who said that after the cheque was stopped the bank was acting without mandate. As for the Cocks v. Masterman defence, he ruled that this was developed to protect the beneficiary of a draft who had to give an immediate notice of dishonour (protest) when the draft was unpaid on the due date. It could apply to a cheque which was endorsed to another party, but this was not the case here. The delay in claiming the mistake did not in any way change the defendant's position and the money should be therefore returned to Barclays.

* * *

ABOUT THE same time as Mr. Justice Goff was working on the stopped cheque, the Bundesgerichtof (BGH), the German Supreme Court, was considering a similar problem. This arose from the stopping of direct debits and, as in the English case, would have caused the bank considerable loss, though in the German case† there was no mistake to justify the bank being left holding the baby.

According to German law, a general authorisation given by a customer for direct debits on his accounts can be countermanded by him in every instance. The bank can debit his account according to debit notes received from the authorised person but has to cancel these debits if the account holder objects. In the case before the BGH, the dispute was between a savings bank and a trader. The trader authorised one of his suppliers, a butcher who had an account with the savings bank, to collect his invoices by direct debits on the traders' account with his bank. In addition he authorised the butcher to draw, by direct debits, additional monies up to DM 30,000 as credit.

The butcher became insolvent on June 24, 1978 and bankruptcy proceedings were opened four days later. In view of this the trader ordered his bank to stop direct debits in favour of the now insolvent butcher made in the course of June which amounted to DM 251,830. These were cancelled and the debit notes returned, dishonoured, to the butcher's savings bank. The savings bank then debited the butcher's account, but the resulting claim against the butcher was not met in the bankruptcy proceedings.

The trader paid DM 87,487, which he admitted owing to the butcher, to the trustee in bankruptcy. He claimed that he was entitled to the DM 251,830, partly because of his outstanding claims against the butcher and partly because the butcher had overstepped the DM 30,000 limit on his credit.

Transferred

However, the BGH would have none of this. The Karlsruhe judges reasoned that had the payments been made by normal means instead of by direct debits, the trader could not have stopped payment after the bankruptcy proceedings had been opened. Though the trader was entitled to countermand direct debits, he used this right for a purpose which was not intended. By doing so he had transferred the risk of the debtor's insolvency to the savings bank and this was unfair and contra bonos mores. The regional court, which had decided against the savings bank, was told try the case again.

* Barclays Bank v. W. J. Simms Son and Cooke and W. Sowman (unreported).

† BGH 11 ZR 85/78 Judgment of May 28, 1979 (unreported).

An apprentice on the move

RACING

BY DOMINIC WIGAN

IT IS NOT often that an apprentice still entitled to claim the 5 lb allowance rides in two meetings in one day with fancied mounts at both meetings, but this is the case with Wally Swinburn today. This afternoon Swinburn, who heads the Crown Plus Two apprentice championship with 15 winners, will ride at Bath and then travel to Kempton in his quest for winners.

My idea of Swinburn's best prospects are Mary Green, among the runners for the Somerset course's Hamilton Handicap, and Early Tudor who goes for the evening meeting's Mortlake Handicap. The Sahib mare, Mary Green, proved that she is returning to her best when getting up in the final strides to beat Another Dove in a finish the pair had to themselves for Salisbury's Carnarvon Challenge Cup over a mile and six furlongs. The extra three furlongs of today's race will present no problems for Pat Taylor's Upper Lambourn trained five-year-old.

Early Tudor, a Tony Ingham-trained daughter of Royalty, showed her first form since dead-heating for a minor event at Brighton last summer when running fourth behind Judicial in Sandown's Victoria Handicap after being badly hampered approaching the two-furlong mark. But for interference at that crucial point, Early Tudor would, I feel certain, have featured in the finish. Well treated on 7 st 7 lb mark in this evening's mile handicap, Early Tudor should be well worth an interest.

Earlier in the evening, it will be a major surprise if Runnett loses his unbeaten record in the Wren Stakes. John Reid's mount, comfortable conqueror of the subsequent July Stakes winner, Final Straw, on his debut at Newmarket, went on to crush Stormont at York. Just three—Lucinda Light, Saintly Simon and Welsh Pride—face the Marriott youngster.

Sir Desmond Plummer, the chairman of the Horse Race Betting Levy Board, today gives details of the 1980 prize money scheme in which, for the first time, the board's contribution to prize money is to exceed £10m. The allocation of £10,134,400 represents an increase of some 7.5 per cent over the 1979 contribution.

BATH

2.00—Rodin*
2.30—Alicum
3.00—Mary Green**
3.30—Maiden Pool
4.00—Regina Magna
4.30—Pithead

KEMPTON

6.40—Runnett
7.05—Glenhawk
7.30—Gusty's Gift
8.00—Early Tudor***
8.30—Manrico
9.00—Gema Rose

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.55 Golf: The Open. 1.30 pm Playboard. 1.45 News. 2.15 Golf: The Open. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Captain Caveman. 4.55 Blue Peter Special Assignment.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Holiday Report.
6.55 Dr. Who.
7.20 Top of the Pops.
8.00 Citizen Smith.
8.30 Rosie.
9.00 News.
9.25 Person to Person (Sir Freddie Laker).
10.05 Royal International Horse Show.
11.15 The Feather and Father Gang.
12.05 am Weather / Regional News.

Al Regions as BBC 1 except at the following times:—

Scotland—9.40 am Magic Roundabout. 9.45 Jackanory. 10.00 Pixie and Dixie. 10.10 The Boy from 5B. 10.35-10.55 Take Hart. 5.55-6.20 pm Reporting Scotland. 12.05 am News and Weather for Scotland.

Wales—Between 2.15-4.20 pm (During Golf: The Open) Bowls: 1979 British Isles Championships. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.05 am News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.20 pm Golf: The Open.
6.55 Classic Curling.
7.25 Mid-evening News.
7.35 Beside the Sea.
8.00 The Schools Prom from the Royal Albert Hall.
8.30 The Paper Chase.
9.20 "A Fistful Of Dollars," starring Clint Eastwood.
10.50 Late News.
11.05 Golf: The Open (highlights).
11.55 Closedown reading.

LONDON

9.30 am A Place to Live. 9.45 Au Travail! 10.05 Farmhouse Kitchen. 10.30 A Big Country. 10.55 Little House on the Prairie. 11.45 Mystery Island. 12.00 Animal Kwackers. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Afternoon Plus At Home. 2.25 Racing from Redcar. 3.50 Quick on the Draw. 4.20 Project UFO. 5.15 The Squirrels.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Quincy.
9.00 Jack on the Box.
9.30 Shelley.
10.00 News.
10.30 Thames Report: "Willingale Says No."
11.00 The Sweeney.
12.00 What the Papers Say.
12.15 am Close: Personal Choice by George Baker.

All IBA Regions as London except at the following times:—

ANGLIA

10.35 am England Their England. 11.00 Chopper Squad. 11.50 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 4.20 The Beachcombers. 4.50 The Next Week Show. 5.15 Makin' It. 6.00 About Anglia. 6.20 Arena. 7.30 Thundercloud. 8.00 The Incredible Hulk. 10.30 The Brian Connell Interviews. 11.00 TV Movie: "Death Stalk." 12.25 am The Living Word.

ATV

10.30 am Spiderman. 10.50 Gardening Today. 11.15 Lucan. 1.20 pm ATV Newsdesk. 4.20 Jonny Quest. 4.50 Sierra. 6.00 ATV Today. 7.30 Thundercloud. 8.00 Charlie's Angels. 10.30 Format V. 11.00 Columbo.

BORDER

10.35 am Who's Afraid of Opera. 11.00 Cartoons. 11.05 Logan's Run. 1.20 pm Border News. 2.00 Houseparty. 4.20 The Life and Times of Grizzly Adams. 5.15 Makin' It. 6.00 Lookaround Thursday. 7.30 Thundercloud. 8.00 Hawaii Five-O. 10.30 Devine Country. 11.00 The Love Boat. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Call it Macaroni. 7.30 Untamed World. 8.00 The Liberace Special. 10.28 Channel Late News. 10.32 A Little Goes a Long Way. 10.50 Mrs. Columbo. 12.35 am Actualities et Projections.

GRAMPIAN

9.25 am First Thing. 10.30 Cartoon. 10.50 The Story of Wine. 11.15 Tarzan. 1.20 pm Grampian News Headlines. 4.20 Little House on the Prairie. 5.15 Bailey's Bird. 5.40 Police Newsroom. 6.00 Grampian Today. 6.10 The Rolf Harris Show. 7.30 The Incredible Hulk. 10.30 The Masterbuilders. 1 00 The Sweeney. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10 30 am Sesame Street. 11.25 The Lost Islands. 11.50 Cartoon. 1.20 pm Cartoon. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6 30 What's On Next? 7.30 Thundercloud. 8.00 Richie Brockleman. 10.30 What's On. 11.00 What the Papers Say. 11.20 Dan August.

HTV

10.35 am The Lost Island. 11.00 Dodo the Space Kid. 11.05 Animated Classics. 11.50 Dick Tracy. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.20 Spiderman. 4.45 Bailey's Bird. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Cabbages and Kings. 7.30 Thundercloud. 8.00 Fantasy Island. 10.35 Andy Irvine at the Embankment. 11.05 Sidestreet.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.45-5.20 Seren Wib. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Friends of Man. 10.50 Oysters. 11.10 Space 1999. 1.25 pm News. 4.20 Bailey's Bird. 4.50 The Squirrels. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 The Beverely Hillbillies. 7.30 Thundercloud. 8.00 The Streets of San Francisco. 10.28 Scottish News Headlines. 10.30 Late Call. 10.35 About Gaelic. 11.05 Take the Mick—Duke Ellington. 11.35 Barney Miller.

SOUTHERN

10.30 am Lost Islands. 10.55 Little House on the Prairie. 11.45 Helas and Bachelor cartoon. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Melotoons. 5.20 Crossroads. 6.00 Day By Day. 6.30 Cabbages and Kings. 7.30 Thundercloud. 8.00 The Incredible Hulk. 10.30 Southern News Extra. 10.35 People Rule! 11.05 The New Avengers.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. †10.30 Morning Movie: "Here Come The Huggetts," starring Jack Warner and Kathleen Harrison. 1.20 pm North-East News and Lookaround. 4.20 Beachcombers. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.30 Thundercloud. 8.00 The Streets of San Francisco. 10.30 Double Top. 11.05 What's On Next? 11.30 Side Street. 12.30 am Epilogue.

ULSTER

10.30 am Thursday Morning Movie: "Elephant Boy." 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Dynomutt the Dog Wonder. 4.50 Bailey's Bird. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Oh No It's Selwyn Froggitt. 7.30 Thundercloud. 8.00 Swat. 10.30 Pro-Celebrity Darts. 11.00 Police Women. 12.00 Bedtime.

WESTWARD

†10.50 am Feature Film: "Here Come The Huggetts," starring Jack Warner. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Miss Westward '79. 8.00 The Liberace Special. 10.32 Westward Late News. 10.36 Politics West. 10.50 Mrs. Columbo. 12.35 am Faith For Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE

10.30 am Wheelie and the Chopper Bunch. 10.45 Sealab 2020. 11.10 Nature of Things. 1.20 pm Calendar News. 4.20 Rocket Robin Hood. 4.45 The Life and Times of Grizzly Adams. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Thundercloud. 8.00 Hawaii Five-O. 10.30 Pro-Celebrity Darts. 11.00 Fantasy Island. 11.55 Police Surgeon.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen. 7.00 Summer Soul. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10 05 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Derek Hobson's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.03 Folkweave (S). 9.55 Sports Desk. 10.02 The New Improved Show With Ten Legs. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Sheila Tracy (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9 00 News. 9.05 This Week's Composer: The Wesleys (S). 9 35 Cello Music by Bach and Beethoven (S). 10.20 American Songs (S). 11 05 Bournemouth Symphony Orchestra, part 1 (S). 11.50 In Short (talk). 12.00 Bournemouth Symphony Orchestra, part 2 (S). 1.00 News. 1.05 Bristol Lunchtime Concert (S). 2.00 "La Battaglia di Legnano," opera in four acts by Verdi, Acts 1 and 2 (S). 3.00 Interval Reading. 3.05 "La Battaglia di Legnano." Acts 3 and 4. 4.20 Lutoslawski chamber music (S). 4 50 Harpsichord recital (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5 50 Homeward Bound. ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 "Epsom Downs," play by Howard Brenton (S). 9.30 Holland Festival 1978 (S). 10.00 Mind, Matter and Mechanism. 10.45 Janis Vakarelis piano recital (S). 11.15 Bach Cantatas (S). 11.55-12.00 News

VHF only—6.00-7 00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Benny Green. 10.00 News. 10.05 Let's Get This Settled. 10.30 Daily Service. 10.45 Morning Story. 11.00 Man or Plant? 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12 55 Weather; programme news. 1 00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2 00 News. 2.02 Woman's Hour. 3.00 News. 3 05 Preview of Radio 4 UK. 3.10 Questions to the Prime Minister. 3 35 Afternoon Theatre. 4 35 Story Time. 5 00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1979 (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Pablo Casals 1876-1973, part 1: Schumann, Mozart (S). 8.30 Parliamentary debate on capital punishment. 10.00 The World Tonight. 10.40 Any Answers? 11.00 A Book at Bedtime. 11.10 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul '79. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-5.00 Join Radio 2.

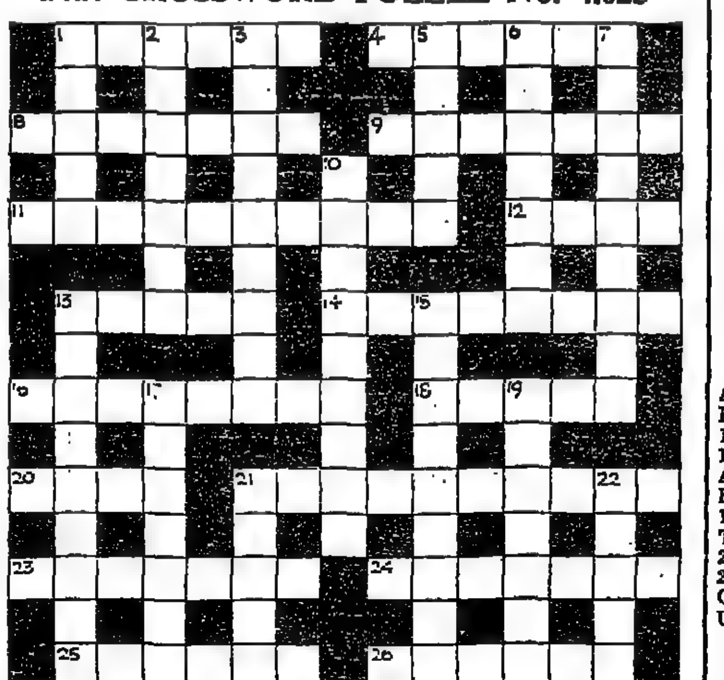
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBS Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Grahame Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Ian Davidson's Nightflight (S).

F.T. CROSSWORD PUZZLE No. 4,025



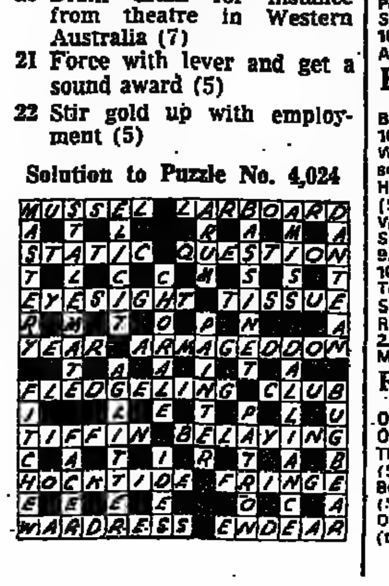
ACROSS

1 Difficult business acquiring chance assortment (3, 3)
4 Result of airman getting caught by pity (6)
8 Counter to prose? It must vary (7)
9 Old Irish leader promises to pay for roundabout (7)
11 Put up with sailor determined to find loaf (5, 5)
12 Charge for passing ring (4)
13 Appeal to Tory leader to fold in material (5)
14 Advice to egg buyer to be impudent (3, 5)
16 Certify a third-class trust (8)
18 Drain has person in stitches (5)
20 Tweedledee is to some extent unwelcome in garden (4)
21 Go panting by railway for confectionery (4, 6)
23 Order wrong registers (5, 2)
24 Winged horse needing coat hanger like you and me (7)
25 Sensitive attachment to locomotive (6)
26 Withdraw when about to give up (6)

DOWN

1 Beam at Mr. Grimond getting one on the way (5)
2 Colour that is little guide (7)
3 Survived being tenth bat to be dismissed by newsman (9)
5 Split about Labour (5)
6 Noisily celebrate first person entering list of duties (7)
7 Tie maker (9)
10 Branch one of the nobs bribed (6, 3)
13 Ready to go on holiday abroad that's full up (6, 3)
15 Music that can be quite a trial (4, 5)
17 Fellow traveller's family could be brave (7)
19 Brain drain for instance from theatre in Western Australia (7)
21 Force with lever and get a sound award (5)
22 Stir gold up with employment (5)

Solution to Puzzle No. 4,024



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Season opens Aug. 6: 2 Cycles. The Ring of the Nibelung. Die Fledermaus. La Traviata. Booking is now open.

COVENT GARDEN. CC. 01-240 1066. (Gardencharge Credit Cards 01-836 6903). THE ROYAL OPERA. Ton't & Sat 7.30 Idomeneo. Tomor 7.30 Cavalleria rusticana/Pagliacci. 23 July-4 August MARTHA GRAHAM DANCE COMPANY with LIZA MINNELLI (23, 25, 26, 28, 30 July), 23 July Gala Perf. introduced by Martha Graham in the presence of Her Royal Highness Princess Alexandra. Patrons should be seated by 7.20. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411-813424. Sold Out—possible returns only Tonight, Sat. Mon & Wed at 5.10: Cosi fan tutte. Tomor, Sun & Tues at 5.20: La Fedelta premiata with London Philharmonic Orchestra. SUNDAY TRAINS have been erratic and SUNDAY PATRONS are advised that performances will start punctually and will not necessarily be delayed if trains are late.

ROYAL FESTIVAL HALL. 01-928 3191. Monday Next—One Week Only. PEKING OPERA. Evgs. 7.30. Repertoire includes: At the Crossroads Inn, The Imperial Concubine gets Drunk, Halting the Horse, The Autumn River, Phoenix of Fire, The Yandang Mountains, Women Generals of the Yang Family.

SADLER'S WELLS THEATRE, Rosebery Ave., EC1. 01-837 1672. Until Sat. BALLET RAMBERT. Evs. 7.30. Cruel Garden. Aug. 21-Sept. 1: THE SCOTTISH BALLET.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. THE MUSICAL THEATRE COMPANY. THE MIKADO. Company includes Chris Booth-Jones, Fiona Dobie, Dianne Stafford, Neil Jenkins, Rosemary Jenner, Thomas Lawlor, Maran McIlvoy, Philip Summerscales, Alison Truefitt. LIMITED SEASON.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30. Mats. Thurs. at 3.00. Sats. at 4.00. JOHN INMAN in "GLORIOUS FARCE." Dly. Tel. CHARLEY'S AUNT. "Thoroughly enjoyable." Sun. Tel. "Laughs flow freely." N. of World.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs. 7.45. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER. "MIRACULOUS MUSICAL" Financial Times. With ROY DOTRICE, GILLIAN BURNS, MARGARET BURTON. Party rates and student stand-by avail.

ALDWYCH. CC. 836 6404. Inf. 836 5332. Full air-conditioned. ROYAL SHAKESPEARE COMPANY in repertoire. Today 2.00 and 7.30 John O'Keeffe's WILD OATS. "More fun than almost anything on the London Stage." Guardian. With: Mikhail Bulgakov's THE WHITE GUARD (tomor). ANTONY AND CLEOPATRA (sold out until 26 July). RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.0. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by JAMES SAUNDERS. "THE IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES. "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOURS AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES. "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." Ev. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.0. Sat. 5.0 and 8.0. Mat. Th. 3.0. IAN LAVENDER, CHRISTOPHER TIMOTHY, JULIA FOSTER in HAPPY BIRTHDAY. A VERY FUNNY NEW COMEDY BY THE AUTHORS OF "BOEING BOEING." "FEYDEAU LIVES CA VA!" Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . do see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS 4th YEAR.

ASTORIA. Charing X Rd. S. CC. 01-734 4291 or 439 8031. Mon.-Thurs. 8 pm. Fri. and Sat. 6 and 8.45 pm. LIVE ON STAGE "GREASE." "ENERGY AND VITALITY AND SHEER EXUBERANCE." Daily Express. "GREASE." AS SLICK, SMOOTH AND SLEEK AS IT SHOULD BE." The Sun. "GREASE." Group bookings 01-437 3856.

BOULEVARD THEATRE, Walkers Court, Brewer St., W.1. 01-437 2661. JEREMY TAYLOR. Tues to Sat. 8.30. Sun. 6.30.

CAMBRIDGE. 01-836 6056. Also opens Sun. 11 am-7 pm. CC. 01-836 7040. Mon.-Thur. 8.00. Fri. and Sat. 5.00 and 8.30. THE CRITICS RAVED ABOUT . . . CHICAGO. THE HIT BROADWAY MUSICAL FROM AUG. 6: Mon. to Fri. 8 pm. Thur. 3. Sat. 5 and 8.30 pm. Group bookings 01-437 3856.

CHICHESTER FESTIVAL THEATRE. 0243 781312. Season sponsored by Martini & Rossi: THE IMPORTANCE OF BEING EARNEST. Today, Tomor. 7.00. Sat. 2.00. THE EAGLE HAS TWO HEADS. Today 2.00. Sat. 7.00.

COLLEGIATE THEATRE. 01-388 7824. 387 9623. Tom Stoppard's latest play DOGG'S HAMLET, CAHOOT'S MACBETH by the British American Repertory Company. World Premier Tour. Limited Engagement. July 9-Sept. 1.

COMEDY THEATRE. CC. 01-930 2578. Mon.-Sat. 9.00. Mats. Fri. and Sat. 6.30. THE ONLY ROCK 'N' ROLL SHOW. THE ROCKY HORROR SHOW.

CRITERION. From 8.30 am incl. Sun. 930 3216. CC bookings 836 1071. Mon.-Thurs. 8. Fri. & Sat. 5.30 & 8.30. IAN McKELLAN, TOM BELL. "I DOUBT THAT THERE ARE TWO FINER PERFORMANCES IN LONDON." Punch. BENT by Martin Sherman. Directed by Robert Chetwyn. "A V-SIGN DEFIANTLY FLOURISHED AT ALL FORMS OF OPPRESSION." New Statesman.

DUCHESS. 01-836 8243. Mon. to Thurs. Evs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. 10th INCREDIBLE YEAR.

DRURY LANE. CC. 01-836 8108. Evgs. 8 pm. Friday and Sat. 6 pm and 8.45 pm. The Rio Extravaganza BRASIL TROPICAL. "The dancers vibrate, oscillate, and pulsate, while topless, yet retaining their baubles, bangles and beads." Ev. News.

FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE. FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evgs. 8.00. (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATHTRAP. "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS, VERY FUNNY, MARVELLOUS ENTERTAINMENT." S. Tel. "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Red. Price Prevs. Evenings at 8.0. Opens July 25 at 7.0. ANTON RODGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALY in SONGBOOK. A new musical by MONTY NORMAN and JULIAN MORE.

GREENWICH THEATRE. CC. 01-858 7755. Evenings at 8.00 (sharp). Mat. Sat. 2.30. "Pirandello's great play." Ev. Std. SIX CHARACTERS IN SEARCH OF AN AUTHOR. "I urge everyone to see it." S. Tel. Tickets from £1.60.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. KEITH MICHELL, SUSAN HAMPSHIRE in THE SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Fri., Sat. 5.15 and 8.45. AIN'T MISBEHAVIN'. The New Fats Waller Musical Show. "A RIOTOUS HIT." Daily Mail. "JUBILANT. THE BEST PERFORMANCE OF ANY MUSICAL IN LONDON." Obs.

KING'S HEAD. 01-226 1916. Dnr. 7.30. Show 8.30. FIFTY WORDS, BITS OF LENNY BRUCE. "Certain acts are just sheer brilliance." Time Out.

LYRIC THEATRE. CC. 01-437 3686. Evenings 8.00. Thurs. Sat. 3.00. 8.30. JOAN PLOWRIGHT, FRANK FINLAY, PATRICIA HAYES in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatre Award. COMEDY OF THE YEAR. ACTRESS OF THE YEAR. "TOTAL TRIUMPH." Evening News. "AN EVENT TO TREASURE." D. Mirror. LAST WEEK. ENDS SATURDAY.

LYRIC THEATRE. CC. 01-437 3686. Prevs. from 26 July at 8. Mats. Wed. & Sat. at 3. Opens 31 July at 7. Subs evgs. 8. JESSICA TANDY, HUME CRONYN in the 1978 Pulitzer Prize play THE GIN GAME. directed by MIKE NICHOLS. "An extraordinary new comedy. For the performances there can be nothing but superlatives." Boston Herald. Limited Season. Book Now.

MAYFAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45. A DAY IN HOLLYWOOD, A NIGHT IN THE UKRAINE. A MUSICAL REVUE. "Superlative non-stop comedy." E. News. "Laugh riot . . . sheer fun . . . not to be missed." S. Express. "The funniest script the Marx Brothers never wrote." Daily Mail.

NATIONAL THEATRE. 'S' CC. 928 2252. OLIVIER (open stage): Ton't & Tomor. 7.30 sharp UNDISCOVERED COUNTRY by Arthur Schnitzler in a version by Tom Stoppard. LYTTELTON (proscenium stage): Ton't & Tomor 7.45 CLOSE OF PLAY new play by Simon Gray. COTTESLOE (small auditorium): Mon. to Sat. at 8.00 Michael Herr's DISPATCHES adapted for the stage by Bill Bryden and the company (perhaps not suitable for children). Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bookings 928 3052. Air Conditioning.

OLD VIC. 01-928 7616. OLD VIC COMPANY. Season opens July 24th: HAMLET, ROMEO & JULIET, THE GOVERNMENT INSPECTOR, THE PADLOCK, MISS IN HER TEENS, WHAT THE BUTLER SAW, THE 88. General booking now open. Gala performance of Hamlet in the presence of HRH Princess Alexandra, July 26, 7.45 pm.

OPEN AIR REGENTS PK. CC. 486 2431. TWELFTH NIGHT. Today 2.30 & 7.45. Tomorrow 7.45. A MIDSUMMER NIGHT'S DREAM. Sat. 2.30 and 7.45. Shaw's O'FLAHERTY VC. Tomorrow 1.15. Sunday at 7.30 OLD TIME MUSIC HALL.

OPEN SPACE. 387 6969. Tues to Suns 8 pm. David Mamet's A LIFE IN THE THEATRE with Freddie Jones & Patrick Ryecart.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I also starring Virginia McKenna. HOTLINE 01-437 2055. Evenings 7.30. Mats. Wed. Sat. 2.45.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 and 8.30. MAGGIE SMITH, PATRICK MOWER in NIGHT AND DAY. A new play by TOM STOPPARD. Directed by Peter Wood. BEST PLAY OF THE YEAR. Evening Standard Drama Award.

PICCADILLY. From 8.30 am incl. Suns. 437 4506. CC bookings 836 1071. Evgs. 8. Thurs. 3. Sats. 5.30, 8.30. PETER BARKWORTH, HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK? "WONDERFUL PLAY WITH WONDERFUL PERFORMANCES. NOW." "ARTICULATE AND WITTY." D. Exp. "A SUPERBLY ABSORBING PIECE OF ENTERTAINMENT." The Sun.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs., Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. CC. 01-930 8681. Card bookings 930 0846. Mon., Thurs. 8.00. Fri. and Sats. 6.00 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE. "If you don't laugh sue me." D. Exp. A National Theatre Production. Over 500 Performances.

QUEEN'S THEATRE. CC. 01-734 1166. Evgs. 8. Sats. 5 and 8.15. Wed. mat 3. "HILARIOUS." D. Tel. "MOVING." Fin. Tms. GEMMA JONES, PATRICIA ROUTLEDGE in AND A NIGHTINGALE SANG. A new comedy by C. P. TAYLOR. "EXTRAORDINARY." Gdn. "FUNNY AND TOUCHING, MAY IT SING LOUD AND LONG." D. Mail.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. PAUL RAYMOND PRESENTS THE FESTIVAL OF EROTICA. Fully air-conditioned. 21st YEAR.

ROYAL COURT. 730 1745. Air Cond. Mon. to Sat. at 7.30. REGGAE BRITANNIA by Leigh Jackson. Reggae music live on stage. DUTCH HOPE. Late Night Show at 10.30 pm. Tonight, Tomor. & Sat.

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. TOM CONTI in WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR. West End Theatre Awards. [illegible] Evgs. 8. Sat. 5.45 and 8.45. Red. price Matinee Wed. 3.0. 2nd GREAT YEAR.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Mon. to Sat. 8. MARIE & BRUCE by Wallace Shawn.

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Saturday 3.00 and 8.00. BUBBLING BROWN SUGAR. "One of the most exciting musicals for years." Now. BUBBLING BROWN SUGAR. "An explosion of delight." D. M. BUBBLING BROWN SUGAR. "Not only does it bubble but it sparkles, glows, shimmers and erupts . . . it is terrific." S. Exp. Restaurant opens 6.30. 01-405 2418. Group bookings 01-437 3856. FINAL WEEKS.

ST. GEORGE'S. THE ONLY ELIZABETHAN THTR. Tufnell Park Rd. N7. 607 1128. Mats. Tues. and Sat. 4.00. Evgs. 7.30. Tonight to Sat. JULIUS CAESAR. Mon. and Wed. next RICHARD II. Tues. next AS YOU LIKE IT.

ST. MARTIN'S. Credit Cards. 836 1443. Evenings 8. Mat. Thurs. 2.45. Sat. 5 & 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 27th YEAR.

SHAFTESBURY. 836 6596. CC. 836 4255. Evgs. 7.45. Fri. and Sat. 5 and 8. BAWDY COMEDY MUSICAL CANTERBURY TALES. LAST TWO WEEKS OF SEASON. ends July 28.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE—WE'RE BRITISH. LONGEST-RUNNING COMEDY IN THE WORLD.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS. From 8.00. Dining and Dancing. 9.30 SUPERB REVUE BUBBLY. At 11: THE DELTA RHYTHM BOYS. From Mon. BUDDY GRECO.

VAUDEVILLE. CC. 836 9988. Evs. 8. Mat. Wed. 2.45. Sat. 5 and 8.30. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT. "Sheer Magic." Fin. Times. "This is Eliot's greatest play." D. Tel. Theatre is fully air-conditioned.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS in ANNIE. "BLOCKBUSTING SMASH HIT MUSICAL." Daily Mail. Best Musical of the Year, 1978. Ev. Std.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't 7.30 David Rudkin's HIPPOLYTUS (sold out until 24 July). "A gift from the gods." D. Tel. All seats £2.10. Students £1.10 in adv. Adv bkgs Aldwych.

WESTMINSTER. CC. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. GILBERT AND SULLIVAN'S THE MIKADO. "A good show. Very colourful, lively and exceptionally well sung, spoken and acted." Evening Standard. "The words, jokes and spirit of satire have never been so clearly amplified since Gladstone's day." Evening News. Tickets £3.25, £4.25, £5.25.

WINDMILL. CC. 01-437 6312. Nightly at 8.00 and 10.00. Sun. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am incl. Suns. 01-836 3028. Credit Card bkgs. 836 1071. Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH." Mary O'Malley's smash-hit comedy ONCE A CATHOLIC. "Very funny." Evening News. "Sure-fire comedy of sex and religion." Daily Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Evgs. 7.30. A Rock Musical FAUST.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE DEER HUNTER (X). Wk. & Sun. 2.15, 7.30, 70 mm Dolby stereo. 2: LOVE AT FIRST BITE (AA). Wk. & Sun. 2.00, 5.00, 8.15. Late show Fri. & Sat. 11.15.

CAMDEN PLAZA, Camden Town. 01-485 2443 (opp. Tube). PETER HANDKE'S THE LEFT HANDED WOMAN (A). Progs. daily 2.00, 4.10, 6.25, 8.45. Ends July 25.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 1: J. R. R. Tolkien THE LORD OF THE RINGS (A). In Dolby Stereo. Progs. 12.30, 3.05, 5.40, 8.20. 2: Lee Marvin, Robert Shaw AVALANCHE EXPRESS (A). Progs. 2.00, 4.10, 6.25, 8.35. 3: George Hamilton, Susan St. James LOVE AT FIRST BITE (AA). 1.30, 3.40, 5.50, 8.00.

CLASSIC 1, 2, 3, 4, Oxford Street. 636 0310 (opp. Tottenham Court Rd. Tube). 1: J. R. R. Tolkien THE LORD OF THE RINGS (A). In Dolby Stereo. Progs. 1.00, 3.25, 5.50, 8.20. Special concessions for school parties. 2: KENTUCKY FRIED MOVIE (X). Progs. 2.00, 4.20, 6.30, 8.45. 3: Christopher Lee, Oliver Tobias ARABIAN ADVENTURE (U). Progs. 1.45, 4.00, 6.15, 8.35. 4: Ronnie Barker, Richard Beckinsale PORRIDGE (A). Progs. 1.10, 3.30, 5.55, 8.20.

CLASSIC, Leicester Square. 930 6915. Lee Marvin, Robert Shaw AVALANCHE EXPRESS (A). 12.25, 2.00, 4.10, 6.25, 8.35.

CLASSIC POLY, Oxford Circus (Upper Regent St.). 637 9863. THE BOYS FROM BRAZIL (X). 1.10, 4.55, 8.40. ISLAND OF DEATH (X). 3.15, 7.00.

CURZON, Curzon Street, W1. 499 3737. Fully Air Conditioned. LEE REMICK in THE EUROPEANS (U). Progs. 2.00 (not Sun.), 4.10, 6.20, 8.40. "As near perfection as one could wish . . . a treat of a film." Alexander Walker, Evening Standard.

LEICESTER SQUARE THEATRE. 930 5252. BUTCH AND SUNDANCE—THE EARLY DAYS (A). Sep. perfs. wks. 1.45, 5.00, 8.15. Sun. 3.30, 7.30. Late night show Fri. & Sat. 11.45 pm. Seats bkble. for 8.15 progs. Mon.-Fri. and all progs. Sat. and Sun. No late show booking.

ODEON LEICESTER SQUARE. 930 6111. MOONRAKER (A). Sep. perfs. Wks. doors open 1.00, 4.20, 7.45. Sun doors open 1.00, 4.20, 7.45. Late Night Show Tues-Sat. doors open 11.15 pm. All seats bookable in advance at Box Office or by post.

ODEON MARBLE ARCH, W2. 723 2011-2. THE SHAPE OF THINGS TO COME (A). Sep. perfs. Week doors open 2.00, 4.45, 7.45. Sun. doors open 3.00, 7.15. Late Night Show Sat. doors open 11.00 pm.

PRINCE CHARLES, Leic. Sq. 437 8181. Final Week. Ends July 25. DUSTIN HOFFMAN, VANESSA REDGRAVE, AGATHA (A). Sep. Perfs. Daily (inc. Sun.) 2.30, 6.55, 8.55. Late Show Fri. and Sat. 11.15. Seats Bkble. Lic'd Bar. From July 26 World Premiere Presentation EAGLE'S WING (A). Box Office Open—Book Now.

SCENE 3, Leic. Sq. (Wardour St.). 439 4470. A Mel Brooks Double Treat: YOUNG FRANKENSTEIN (AA). 1.40, 5.20, 8.55. SILENT MOVIE (A). 3.35, 7.15. Late show Fri. and Sat. 10.55.

STUDIO 1 & 2, Oxford Circus. 437 3300. Licensed Bar. 1: THE DEER HUNTER (X). 12.45, 4.05, 7.30. Late Show Sat. 10.50. 2: Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30, 5.45, 8.15. Late Show Sat. 10.40.

Grosvenor House

Count Basie/ Lena Horne

by ANTONY THORNCROFT

To celebrate its 50th anniversary the Grosvenor House has brought over Count Basie and his Band, and Lena Horne, to grace its Great Room for the rest of the week. This vast space, the largest of its kind in Europe, has put up with such eccentricities as ice skating in fancy dress and debs' balls, and there was a sense of occasion on Tuesday night. London has too few show biz extravagances and the audience was determined to make the most of this one, a reasonable aim at £25 a head.

In the event all was well until the anti-climax. The Basie band went through its smoothly oiled motions like true professionals; Lena Horne sang and kicked up her heels. With five minutes to go everyone seemed happy — and then they shambled the ending. No encores; no duet even, though Basie returned to the stage; just the band, looking sheepish, assembling a half cock crescendo. No doubt the production has been tidied up by now but it was rather a letdown.

So it was a split entertainment, with Count Basie having perhaps the best of it. Not a suspicion of a surprise here, just the oldest of old favourites beautifully played and embellished by short, succinct solos, most notably by Sonny Cohn's trumpet on "I can't get started." Perhaps Basie makes it all look and sound too easy, but at 74 he deserves a gentle ride, and he got one from this ecstatic audience.

In contrast Lena Horne keeps up with the times, oppressively so. She is 62 now and doesn't let you forget it, throwing in disco numbers and contemporary songs by Billy Joel and Jim Croce among the standards, plus a breathless commentary. Of course she looks remarkable and earned her fee, but some of the modern stuff is completely out-classed by the "Love me or leave me," and the "Stormy Weather," and the "Lady is a Tramp." Her sound was also a bit pianissimo. A little judicious cutting of a show that lasts two hours anyway could ensure something for the Grosvenor House, and its customers, to celebrate. There are still tickets unsold.

Lena Horne and Count Basie

Record Review

More or less French

by DAVID MURRAY

Berlioz: Béatrice et Bénédict. Janet Baker, Robert Tear, Christiane Eda-Pierre, Helen Watts, Thomas Allen, Jules Bastin, Robert Lloyd, with Colin Davis, the John Alldis Choir and the London Symphony Orchestra. Philips 6700 121 (2 records).

Spohr: Nonet op. 31. Octet op. 32. Nash Ensemble. CRD 1054.

Fauré, Ravel and Poulenc: Song cycles. Dietrich Fischer-Dieskau, Wolfgang Sawallisch and *soloists of the Berlin* Philharmonic. Acanta EA 22765.

Ravel: Chansons madécasses. Sonata for violin and cello. Sites auriculaires. Frontispice. Jan De Gaetani, Paul Jacobs, Gilbert Kalish and ensemble. Nonesuch H-71355.

Debussy: Piano music, vol. III. Livia Rev. Saga SAGD 5463 (2 records).

Béatrice et Bénédict, Berlioz's *opéra-comique* on *Much Ado About Nothing*, was his last work, and it is the latest addition to the fine Philips Berlioz cycle under Colin Davis. The recording is not likely to have a rival (except Davis's own much older version): for current tastes, *Béatrice* is as *awkward an "opera" as Roméo et Juliette* is a "symphony."

Shakespeare's comedy is stripped down to decidedly less than its essentials. In fact Berlioz first intended only a one-act piece, and even the two acts of the final 1862 version are slender enough, with a mere 15 musical numbers—some tiny —and much spoken dialogue (in credijable French here, better than in some of the singing). The mating-by-trickery of Beatrice and Benedick is now the whole of the plot, set in relief against the cloudless nuptials of Hero and Claudio, and with the freehand addition of a comic music-master. The history of the reluctant pair is begun and concluded with ironic duets (the second proves delightfully to be the basis of the familiar Overture); each of the principal lovers is mocked in a suitable trio, and each of them and Hero too has a private aria in which they greet the advent of love in their own ways; and at the heart of the work is a lovely, reflective Nocturne for Hero and her handmaiden. *That, with a little* public music, is the whole of the work.

It has its own atmosphere, gracious and pungent: as David Cairns says in his excellent note (the full libretto is included too), "It is the noonday Italian brilliance of *Benvenuto Cellini* softened to the translucent light of late afternoon." Berlioz called it "a caprice written with *the point of a needle*," which suggests the one thing lacking in this Davis version. The singing, the playing and the quality of the recorded sound reveal vitality, brilliance and depth, without lightness; it is a *hefty* performance, for all its merits. The lively intelligence of Tear and Janet Baker in the leading roles serves admirably in their arias—Dame Janet makes her *scena* a substantial psychological study—but in the duets, where they are almost orchestral voices, their un-French timbres and want of properly front-of-the-mouth consonants keep them earthbound. The Nocturne is heavier and less magical than in the older recording; on the other hand, *the ladies' trio here has much* more dramatic assurance. Nothing limps, and there is plenty of infectious exuberance. I mean to suggest only that a *more aerial and playful account* of this quirky, tender music can still be imagined.

Berlioz's older and—in their time—no less famous contemporary Louis Spohr could be quirky and playful to a fault. His idiom was roughly that of, say, Moscheles and Mendelssohn, touched up with winsome chromatic inflections, and his cheerful ingenuity was often directed *to composing for somewhat* unlikely ensembles, generally with his own virtuoso violin. Though his music hardly sounds French, it makes up in conscious charm what it may lack in concision, and thereby becomes a little suspect within its own worthy German tradition. The style is dangerously winning, though undemanding only in the sense that Spohr's music is singularly innocent of emotional stress—his scores are most ingeniously turned. I find the Octet (strings and two horns) and especially the Nonet (wind quintet and four strings) quite irresistible. The Nash Ensemble's recording of them on CRD is delectably polished, a pure shameless pleasure.

On the new Acanta label, Fischer-Dieskau offers a remarkably interesting French programme. Ravel's spare Madagascar cycle is as intense and impassioned as one would expect (*a trifle at the expense of the* line in "Nahandove"), and Poulenc's surrealist *Bal Masque* is attacked with furious glee. (Sawallisch is crisply dazzling with the piano part.) The special feature of this *Bonne Chanson* is that Dieskau's big-boned reading of it is acompanied by piano and five strings—a version made by Faure himself, though not (as the sleeve-note naughtily implies) the *original* one. Viewed doubtfully by some and very rarely heard, it supplies unique guidance to how Faure intended many things in the solo piano original. He loved writing for an ensemble like this, of course, and the effect is often beautiful, though there is not the sense of intimate utterance of the piano *Ur*-draft. Dieskau is *perceptive and commandingly* forthright; one knows he recognises all the secret nodes of the cycle, because he punches them so hard.

Jan DeGoetani is stylish and much cooler with the *Chansons madécasses* on the new Nonesuch Ravel record, occasionally tentative—as Dieskau never is—about the exact thrust of a phrase. The 1922 violin and cello Sonata, only recently coming into its own as a particularly strong and mature Ravel work, is splendidly played by Isidore Cohen and Timothy Eddy: almost too sensitive with the Allegro, but contrasting all the movements with great finesse. Paul Jacobs and Gilbert Kalish capture the spirit of the early *Sites auriculaires* (one movement of the two, the Habanera, went into the *Rapsodie espagnole*) and the 1918 five-hand "Frontispice" far more delicately and faithfully than the Kontarsky brothers on *the only other recording*. Warmly recommended.

Finally, the latest volume of Livia Rev's account of all Debussy's piano music. In hardly any respect could one hope for more idiomatic performances, granted a predilection for pedal-bathed sound and fairly relaxed rhythms (though she makes something exciting of "Masques"). She has a rich palette of liquid colours, her tempi can rarely be faulted, and the shape of each piece is displayed with lucid sympathy. Anyone left dry-mouthed by *Michelangeli's recent Debussy* Preludes will find this a refreshing draught. It is possible to feel that there could have been room for more urgency, and more caprice; Miss Lev's manner is always comfortable and easy. These are, however, interpretations of great distinction, and seductive too. Besides *Estampes*, both books of *Images* and much more, there are fascinating early studies only recently brought to light.

Leonard Burt

Ray Brooks and Gemma Jones

Queen's

And a Nightingale Sang

by B. A. YOUNG

C. P. Taylor has the gift of filling a stage with an assortment of related characters, all following separate concerns yet meshing like pieces of a jigsaw to compose a coherent picture. In this play he gives us a family of five—grandfather, father, mother and two daughters—with a man for each of the girls. Only the daughters' lives, and their men's, are allowed more than trivialities to deal with, or at any rate the others' lives are not examined in depth: *yet the scene glows with truth.*

Helen, the elder daughter, who has a slightly crippled foot, has learnt to watch things from the sidelines, and Mr. Taylor pulls her out of the picture now and then to add narrative or commentary. She is acted by Gemma Jones with a dogged charm that is given some extra fire when a young soldier falls in love with her and persuades her that her handicap is not important. Her soldier, Norman, is played by Ray Brooks with a simple directness that matches her own simplicity precisely; their love scenes together I found curiously moving, though they never go beyond the banal declarations of such young people's encounters, and the pathos of their parting is most ably done.

A younger sister, Joyce, is also fitted out with a soldier, Eric, who proposes to her while everyone is lying on the floor in that first abortive air-raid warning of September 3, 1939. (The action of the play takes place throughout the war, in Newcastle-on-Tyne.) Joyce is a half-hearted lover who sometimes can't remember what Eric looks like, and whose wartime pregnancy, luckily imaginary, is of unknown origin. Veronica Sowerby gives her all the needed prettiness and silliness, and Christian Rodska as Eric is satsifactorily neutral. Even the Army must have found him hard to remember, for he wears the 50 Division signs on his uniform while that division was fighting in Africa and Italy; but then neither he nor Norman ever seems to do anything more military than go on leave.

The rest of the family are as colourful and as insubstantial as confetti, and here lies the weakness of the play. It is fun to see George (Arthur Blake) singing popular songs at the piano, and burning a capitalist on his victory bonfire instead of Hitler because he has suddenly become a Communist. Patricia Routledge as his wife, resolving every problem with an extra Mass or a few words with her statue of the Virgin Mary, is delightful. The old grandfather, wandering from one of his daughter's houses to another like King Lear, concerned only with the welfare of his cat, is a nice little cameo part for Roger Avon.

But is it really worth bringing us back to the nostalgic detail of life between 1939 and 1945 to say so little? All we have been told at the end is that war-time marriage is a pretty dodgy bet: Joyce, with her flimsy affection, settles into a good marriage, Helen, with her soul-kindling love, loses her man to the wife and child he concealed from her until too late. Otherwise life with the Stott family goes on as before. All Mr. Taylor's wealth of observation and human understanding, all Mike Ockrent's capable direction of his admirable cast, all Geoffrey Scott's evocative design, will not move us if they are applied only to such sentimental little recollections.

Reith Lecturer 1980

The 1980 BBC Reith Lecturer will be Ian Kennedy, Reader in English Law at King's College, London.

He will analyse, in his series of six talks on BBC Radio 4, the moral, ethical and legal issues that attend the practice of medicine.

Wigmore Hall

Beverley Davison

by ANDREW CLEMENTS

Beverley Davison is no stranger to London audiences. She has won numerous awards for outstanding young musicians, appeared as a concert soloist and is currently the highly effective violin and viola player of the Fires of London. But her Wigmore Hall recital on Tuesday was described as marking her "formal London debut": a programme of sonatas by Brahms, Beethoven and Prokofiev, topped up with Ravel's *Tzigane* and accompanied by Harold Lester. An ambitious programme, made more ambitious still by the decision to begin with the Brahms A major Sonata, as full of interpretive pitfalls as any sonata in the standard violin repertory, a work of elusive lyricism and awkward co-ordination.

Those virtues of Miss Davison's playing with which we were already familiar immediately came through: a technique well-nigh flawless in articulation and intonation, a tone of enormous projective power and great warmth on the lower strings. But her partnership with Harold Lester began uneasily, short of mutual confidence and rapport, communicating little beyond the platform. Mr. Lester continued to seem ill at ease in Beethoven's op. 12 no. 3; each player curiously self-contained, but Miss Davison achieving moments of great finesse particularly in the Adagio.

The second half of the recital began so differently that in musical terms at least it was *difficult to attribute the earlier* items to the same partnership. Twentieth-century repertoire is very clearly Miss Davison's strength; she is at home in it, she understands it. The Prokofiev D major Sonata (the one which began life as a flute sonata) was marvellously incisive, entirely fluent, quite dispelling the lingering impression that she is an artist of carefully coached expressive effects, whose phrasing is manufactured rather than instinctive. *Tzigane* was the only item played from memory and its *opening cadenza* produced the concert's finest moments, in playing of impressive virtuosity and, at last, instant, vivid communication.

Glyndebourne

Così fan tutte

Tuesday brought not only Nicholas Braithwaite to the podium for Glyndebourne's Così, but also Brian Donlan to the role of Don Alfonso, Stafford Dean being indisposed. Mr. Braithwaite has presumably inherited Bernard Haitink's tempi, though there were several momentary disagreements between him and his singers about just what they were. Such questions were promptly resolved, and the music remained *satisfactorily* aloft. They were unforced tempi, dramatically fully effective, bar a doubt whether a quicker thrust in the opening scene might not give the opera a stronger spring away. There were many fresh pointings-up of the woodwinds' music (but very backward horns in the obbligato of "Per pietà"), and in general a cultivated Mozartean spirit.

Mr. Donlan was understandably not on terms of complete rapport with his Ferrando and Guglielmo; that is, their performances bear the marks of the rewarding experience of continued co-operation, and Donlan (who is to be the Glyndebourne Touring Opera's Alfonso) had perforce to fall in *with them. The Svengali-side* of Don Alfonso inevitably paled, but Donlan's musical contribution to the proceedings was judicious and friendly, his dry-ish, lyrical bass discreetly telling in the ensembles. Meanwhile the lovers continue an excellent duo, with John Aler's Ferrando having perhaps gained in focus and assured detail.

Alan Titus was notably subtle and suggestive in Guglielmo's crucial duet with Dorabella (Patricia Parker, especially charming in the girls-together scenes). I agree that restoring *his "Rivogete." aria, deleted by* Mozart, was unwise: it is a comic number in a broad style, and in the context of Peter Hall's gentle, engaging production it could hardly have been delivered with expansiveness it presupposes (nor was it). Bozena Bentley's Fiordiligi commands admiration again and again as the character grows more interestingly complicated: it is praise to remark that there are not a few Schwarzkopf inflections in her performance, unerringly chosen. Nan Christie is still the vivacious Despina. She shouldn't, I think, smudge the line of her Notary's long rigmarole—for no apparent reason, that is a curiously beautiful and touching passage, succumbing faster to untidy *rhythm than to a harmless* funny voice.

DAVID MURRAY

Everyday architecture

There is a small but important exhibition at the Royal Academy until the end of this week, *which* gives an opportunity for the Association of Consultant Architects to show their wares. While it is debatable whether the *Academy should* play host to what is obviously a trade show, the exhibition does give the public the chance to see a full range of current architectural work. As the exhibition seems to have been assembled as a very general show, the lack of any application of critical standards is only too apparent. In future years *the association would be* well advised to select only the work of its very best members. The all-inclusive approach is too depressing.

COLIN AMERY

'South Bank Splash' at the National

The National Theatre's *South Bank Splash*, a special seven-week programme of daily outdoor entertainment, is being presented on the NT's South Bank Terraces until September 1. This is in addition to a full repertoire in all three NT auditoriums, early-evening platform performances and free foyer music and exhibitions.

Colourscape, a large inflatable walk-through sculpture, by Maurice Agis and Peter Jones, is open daily until August 26 (1.30-7.30 pm), admission 25p.

In addition, *throughout* the seven weeks, the NT *has* organised a wide variety of free events and entertainment, ranging from street and *children's* theatre, a pageant of African Art to international dance and music.

Festival Hall

Philharmonia

Stephen Bishop-Kovacevich's *performance of the Beethoven* Fourth Piano Concerto raised to a temporarily more exalted level Tuesday's end-of-season concert by the Philharmonia *under Andrew Davis. It* was a performance full of surprises. The piano very seldom sounded beautiful—and this, in a work written to display the instrument in a newly noble and lyrical light, ought to be deemed a fault.

The cadenza of the first movement, blurred by incautious pedalling, buzzed with an angry intensity. Several of the piano's soft answers turning away the wrath of the middle movement were uttered on the edge of audibility. The Rondo was anything but *benign or easeful of* temper — each new subject seemed to be pounced on, tussled with, driven home. The effect of the whole was not crude, hasty, or intemperate, as the above epithets may suggest. On the contrary, it seemed to call up the true Beethovenian spirit, in a manner not always comfortable but always courageous.

Mr. Davis and the orchestra accompanied dutifully, although the fire of Mr. Bishop-Kovacevich's playing was accommodated rather than answered in kind. In Weber's *Oberon* Overture and Dvorak's D minor Symphony, the reigning spirit was one of effects-seeking brashness. As in most of the performances I have heard Mr. Davis give in the concert hall, the orchestral sonorities tended to be "toppy", *over-assertive* in the treble, murky and awkwardly balanced in the alto, tenor, and bass (except when cello section "solos" afforded *the opportunity* for the training of big, obvious spotlights). Notably in the Scherzo of the symphony, the conductor's sense of rhythm was manifest more by podium choreography than in any gathering or discharge of musical momentum. There was little evidence that thought had been given to the relationships of tempos within movements. In fact, there was precious little evidence of musical depth and sensitivity on show, and a good deal too much of audience-wooing superficiality.

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A time for freedom

THE NEW relaxation of exchange control goes very much further than the one announced in the Budget. Indeed it goes so far as to bring the whole future of the exchange control apparatus into question. There is room for perhaps a third package under the general heading of "relaxations." But even now the desire to keep in being the machinery of control has affected the detail of what has been announced, for instance in the restricted scope for third party credits. The question of whether those engaged in operating the control machinery could not be more profitably redeployed elsewhere is now a very real one.

Investment

The two main changes are the total freeing from control of outward direct investment and of most kinds of portfolio investment in the EEC and in the bonds of international institutions. Although the latter measure is hedged with restrictions, it is doubtful whether it will be practical to maintain a ring fence between the EEC and the rest of the world. But from the point of view of currency flows, the most important aspect concerns repayment of foreign currency borrowing undertaken either for direct or portfolio investment (whether or not in the EEC). This can now be repaid through the normal foreign exchange market without having to buy premium currency.

The accompanying Treasury statement goes further than ever before in hinting that it is part of the official intention to put a brake on the rise of sterling. "Some outflow" on capital account is predicted, offset by an improvement in the current account.

This general thought is subject to two important provisos. First of all, it is quite impossible to "fine-tune" the sterling rate by exchange control relaxation—or for that matter by acceptable alternative measures. This would always be true, but needs to be specially emphasised when the foreign exchange market is so dominated by the weakness of the dollar. The relaxations are almost certain to increase gross private capital outflows in 1980—just as earlier relaxations by Mr. Healey have done in 1979. But the immediate impact on the exchange rate can go in either direction; and it is not the test to use.

Secondly, the main aim should not be seen in terms of the exchange rate as such, but in enabling the private sector to improve its overseas balance sheet and build up overseas earning assets. To pay for any net increase in overseas investment it will be necessary to generate a current surplus. Some dampening of the exchange rate may be part of the mechanism for generating this surplus, but should not be the main aim. Indeed a high exchange rate this winter has obvious advantages in what might otherwise be a difficult corner for counter-inflationary policy.

North Sea

It is common sense to offset the rapid exploitation of a non-renewable resource such as North Sea oil with investment in earning assets. The main reason for emphasising overseas investment is simply the artificial barriers against which have been built up behind 40 years of exchange control. There is now an opportunity to allow capital to move to where it will yield the highest rate of return. This does not mean that domestic investment will suffer. It is more likely to gain. There is no more a fixed "lump of investment" than there is a fixed "lump of labour." Indeed the biggest economic damage inflicted by exchange control is that it has insulated the rate of return in the UK from that prevailing internationally.

Most countries have power to impose exchange controls in an emergency. But the individual does not have for that reason to apply for permission to purchase foreign currency. The onus is now on those who wish to maintain the apparatus of control imposed as an emergency measure in 1939, to make out a case rather than on those who seek its abolition.

Reforming the health service

IT IS not often that all three major political parties and a Royal Commission agree on measures that could save millions of pounds of public money. But Britain is so attuned to an adversary style of government that the central recommendations of the Royal Commission on the National Health Service, published yesterday, are already in danger of neglect, while public debate rages fruitlessly over relatively trivial dogmatics about pay beds and prescription charges.

Recommendations

Compulsory wearing of seat belts, a much tougher attitude to smoking and fluoridation of all water supplies and the allocation of more resources to proven screening procedures, even at the cost of "acute" medicine, are among the Commission's most important recommendations. They deserve more public attention than the question of whether the £200m that is currently contributed by prescription charges should come from general taxation instead. Though the Commission may have erred in its judgment that prescription charges do more harm than good, it is quite right to point out that, in the context of an £8.1bn budget, they are of secondary importance.

Of primary importance are questions about how much the nation wants to spend on health, whether the priorities within the health service are now correctly set and whether resources are fairly allocated between regions. The first step towards tackling some of the fundamental problems will have to be a reform of the clumsy and wasteful administrative structure of the NHS. But administrative changes will not suffice in the longer term.

Demographic changes alone will necessitate a large increase in health spending, as the proportion of old people in the population is certain to grow steadily for the rest of the century. The Government will have to accept also that as the nation gets richer it will probably spend a higher proportion of national income on health care. Between 1955 and 1975 the share of health expenditure in the GDP grew steadily and public opinion may soon demand a return to earlier trends. The proportion of Britain's GDP spent on health, 5.6 per cent, is very much less than that of other, far wealthier countries.

Since the universal availability of a high standard of medical care is now firmly rooted in the expectations of the British public, it would be unrealistic for the Government to expect to transfer much more than the current proportion, about 3 per cent, of the cost of medicine to the private sector. The heaviest users of the NHS tend to be the old, the poor and the chronically ill, who would have to be provided for by the Government, even with an insurance system.

On the other hand, it is irrational to stifle the private medical sector, when its services are clearly in demand and when it can contribute to NHS overheads. The main importance of the violent arguments about a mere 3,000 pay beds in NHS hospitals is that they have been exploited by both ends of the political spectrum to obfuscate the real and intractable problems of the NHS.

Most of these problems, such as the appalling condition of some of Britain's Victorian hospitals and poor industrial relations with frequently overworked direct medical staff, all convinced that successive Governments have exploited their social consciences, stem partly from a lack of resources. The Commission has suggested more resources for the NHS but, regrettably, has made no attempt to cost its proposal.

But additional resources should only be entrusted to an organisation that can prove its ability to use them for the public good. This the overweight administration which has grown by 28 per cent since 1974, has manifestly failed to do. The Government should act immediately on the Commission's proposals to streamline the administrative structure.

More diffuse

As the administrators have proliferated, accountability for general policy and for financial decisions has become steadily more diffuse. As well as cutting manpower, the administrative reforms suggested by the Commission should define responsibilities more clearly, devolving more operational control to the local level. Budgetary changes should in theory help tighten up financial control.

But parliament must beware lest this reform simply leads to more bureaucracy and worse decision-making, like the last one. The proposed select committee on the NHS will have its work cut out to ensure that, after the reform, the new administrators work energetically to implement many of the Commission's constructive detailed suggestions for improving the health service.

UK mineral supplies: the threats and the remedies

BY PAUL CHEESERIGHT

QUIETLY but menacingly, a severe problem of raw materials supply is brewing for the British Government and industry. Some palliatives are at hand: Sir Keith Joseph, the Industry Secretary, can, providing he so desires, summon up the results of five years of official preparatory work for a national minerals policy.

The qualification is apposite, because successive Governments have been inconsistent in their attitude to mineral supplies. They have accepted the need to secure long-term supplies, for example, by championing the role of the companies in sea-bed mining at the United Nations Law of the Sea Conference, and by taking part in EEC discussions about the protection of investments in the developing countries. But they have not acted specifically to stimulate mineral production linked to future British needs.

Colonial backlog

To be sure, there has been little incentive to give such moves priority. Mineral consumption has declined slightly, although imports did cost £2.75bn last year, and until recently there was a readiness to assume that simply because London was a commodity trading centre, supplies were assured. There has been little attempt to broaden the source of supplies away from traditional producers with whom links were forged in colonial times.

There are two main reasons why this relaxed approach is no longer adequate. The first is the downturn in investment in new mining capacity; this trend started before, but has been exacerbated by, the post-1974 recession, which both raised costs and lowered revenues. Indeed, the mining companies, on the strength of figures adopted by the European Commission, have calculated that, simply to maintain supplies of the main non-ferrous metals to Europe over the next decade, there needs to be an average investment of $2.4bn a year. But in the 1960s and early 1970s, investment averaged only about $400m a year.

The second reason is that instability, or the threat of it, in some of the main supplying areas—central and southern Africa for example—could interrupt the flow of materials. Such breaks, even those not directly felt by British consumers, tend to push up prices.

Assuming growth resumes in the international economy, the possibility emerges of a shortage of supplies in the 1980s, because of the lack of investment, while, in the background lurks the danger of producers failing to maintain supplies, because of, say, disorder in South Africa, shortage of technical personnel in Zambia, or strikes in Bolivia.

Britain, whose importance as a minerals producer has long since disappeared, would be extremely exposed. The greater part of its mineral needs have to be imported.

The antidote available to Sir Keith has five parts:

- Diversification of sources of supplies;
- Formation of a minerals stockpile for a few key materials most at risk;
- Maximisation of domestic resources;
- Recycling used materials;
- Search for substitutes.

The two elements of most immediate significance are diversification and stockpiling. Substitution and recycling are at this stage a matter of stimulating research in the knowledge that fruitful results would only be applied under strong commercial pressure. The development of domestic resources is likely in the foreseeable future to have only a marginal impact, except perhaps in the case of tungsten provided the more optimistic hopes of the Hemerdon Ball deposit near Plymouth are realised.

IMPORTS AND CONSUMPTION

IMPORTS AND CONSUMPTION

	UK: Imports as percentage of consumption	UK: Consumption (tonnes)	EEC: Imports as percentage of consumption	EEC: Consumption (tonnes)
Copper	82	468,300	81	2,105,000
Lead	46	306,400	53	1,263,300
Nickel	100	27,500	100	136,800
Tin	65	15,400	87	57,100
Zinc	100	239,400	68	1,208,000
Iron ore	89	11,990,000	79	90,196,000
Manganese	100	295,500	100	2,760,000
Chromium	100	35,600	100	620,000
Cobalt	100	3,500	100	10,000
Molybdenum	100	6,000	100	27,500
Platinum Gp	100	6.3	100	18.6
Tungsten	99.5	3,800	99	10,000
Vanadium	100	600	99	7,500

Source: British Foreign Policy to 1985, Non Fuel Minerals and Foreign Policy, Data Base; Royal Institute of International Affairs, 1977.

Stockpiling becomes less necessary if suppliers are geographically so diversified that the loss of one source may be covered by another.

It seems likely that a British diversification policy would follow roughly the German pattern of official aids for exploration granted against an option on German consumers having first access to any discovery. That is quite easy to execute: it is largely a question of deciding on how to apply the funds available.

The purpose of a stockpile would be to build up enough materials to tide industry over any interruptions of supply. Thus a judgment has to be made of where the breaks are most likely to occur.

It is accepted that in all likelihood the most vulnerable region is southern and central Africa. Hence the West German concern to accumulate stocks of chrome, cobalt, manganese, platinum and vanadium, all minerals that come largely from Africa. Some of these minerals are already in short supply and it seems unlikely that a stockpile could be formed without either the co-operation of the producers whose future reliability is being called into question or greatly pushing up prices.

Developing deposits

What is more complicated—and there is some evidence that Whitehall has not yet clearly defined its view—is devising a form of governmental support for the costly process of developing a deposit. The difficulty is to establish a system of loans and guarantees which at once give the developing companies the security to go ahead with a project and hold down official expenditure.

Had there been no election in May, some form of diversification policy would probably have been adopted by the end of the year, but it would have been vague on the question of financing project development.

Although the motive at the time of the Labour Government was the wish to reduce trading links with South Africa rather than any general philosophy about security of supplies, it could nevertheless have had the effect of drawing the major British mining houses back into the domestic industrial economy. Of all the mines controlled by the Rio Tinto-Zinc, Selection Trust and Consolidated Gold Fields groups, only three have direct long-term contractual links with British consumers. Two of these are for uranium: Rio Algom in Canada and Rossing in Namibia; one is for iron ore: Hamersley in Western Australia. These three operations are part of the RTZ group.

Security of future supplies implies that the number of such contracts would increase. Although the prices provided for in such contracts may be expected to move in line with the world markets, access to the materials would be more assured.

But the line between producers and consumers has in recent years become blurred. Big consumers have been taking equity in and making finance available for mineral projects. Thus a diversification policy needs provision for the participation of companies normally thought of as consumers. An immediate difficulty arises. Apart from British Kynoch Metals, a joint company established by the main copper users—BICC, Delta and IMI—and British Steel Corporation, with its largescale iron ore imports, consumers are generally fragmented and certainly not organised for collective buying or mineral financing.

Indeed, much more is known about the problems of producers and the desires of the mining companies than the needs of the consumers. Sir Keith, then, faces a severe practical problem if he decides to follow up the work done under his predecessors on mineral policy. It is one thing to work for a diversification of materials, but quite another to define their ultimate destination.

The expectations of the mining industry are pitched at a low level. There seems to be greater readiness to wait for an improvement in investment conditions—hence the support for the EEC's faltering moves towards investment protection policies in the developing countries—than to pin much hope on the British Government.

Welcome for incentives

Mining executives say that the industry would grab at any diversification and incentive scheme on the German pattern. But, as one said: "The Labour people may have shown some concern about raw materials, but they had this pathological fear of being seen to be helping multinationals. Now we have the Conservatives—they may be better disposed towards the multinational but they are averse to getting the Government involved in business."

Bonn's four-point programme to safeguard the future

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government is intensifying its efforts to secure the country's raw material supplies by encouraging exploration to diversify sources, by helping reduce the risks involved in overseas mining, by boosting research, and most recently by pushing ahead with a stockpiling scheme.

The Germans are doing so in the knowledge that they are even more dependent than their European partners on imports of raw materials. Their action also reflects a growing recognition of political risks in southern Africa, from which West Germany draws no fewer than 48 different raw materials. In the case of 23 of them, 10 per cent or more of total German imports come from that source. The percentage is far higher in the case of chrome and manganese, which are crucial to the steel and engineering industries in particular.

Over the past five years the Government has made available DM 361m (about £88m) in grants for exploration and prospecting by West German enterprises abroad. A further DM78m is earmarked for this year alone.

Whereas in 1971 only 20 exploration projects were being supported thus, today the figure is more than 50. The main emphasis lies in Canada, the U.S. and Australia — that is in developed countries where the political risks are held to be small. Among developing states, Brazil is of key interest to the West Germans, followed by some of the black African countries, South-East Asia, and the Pacific region.

At present Government grants are only available for the search for new sources of raw materials — not for the working of existing mines. But German mining companies involved overseas can call on a battery of official instruments designed to reduce their risks (though not to remove them altogether).

These instruments include government-backed insurance against political risks abroad and guarantees for investment projects specifically in the raw materials field. The increased tempo of foreign activity benefiting from such aid can be seen in the following figures. Between 1960 and 1977 the Government approved guarantees amounting to DM 288m for 12 raw materials projects abroad—of which seven alone fell in the period after 1972. The materials involved included chrome ore, copper, manganese and uranium—and the countries Brazil, Guinea, Indonesia and Mauritania.

Beyond this, companies involved in such projects abroad may claim substantial tax benefits under two laws—one intended to encourage foreign investment in general, the other investment in developing countries in particular.

The Government has several specialised agencies which help it carry through its raw materials policies. One is the Deutsche Gesellschaft fuer Wirtschaftliche Zusammenarbeit, a wholly-owned government enterprise which can provide additional capital for direct investment by German companies in the developing world. Mining companies can obtain special credit terms through the Kreditanstalt fuer Wiederaufbau—initially a postwar reconstruction agency, which now has a much wider role for projects both at home and abroad.

Last but not least is the Bundesanstalt fuer Geowissenschaften und Rohstoffe, based in Hanover. This federal agency not only carries out research programmes, for example into world supply and demand for particular raw materials, substitution processes and so on. It also sends its own teams abroad to carry out initial exploration—work which can be followed up by the private sector if promising deposits are found. The Economics Ministry provided nearly DM 40m for this agency alone last year.

The Government's desire to reduce the level of state involvement in the economy would seem at first sight to work against the execution of an active diversification policy. But the mining groups exploit resources where they occur and sell on what is to them the most advantageous market. Concern about security of supplies thus implies making the British market more advantageous than it is. At the same time, the involvement of other Governments in the minerals sector is giving their respective companies a competitive edge. The provision of finance for a project, allied to a long-term supply contract, can reduce prices, as the Germans and Japanese have found.

MEN AND MATTERS

Sending the pinties home

This week's annual meeting of the Milk Marketing Board heard, as usual, forebodings about doorstep deliveries. But nothing was said on the dairy industry's private pintie debate. For the uninitiated, a pintie is the name bestowed on the squat, new-style milk bottles being introduced around the land.

The trouble with the pintie, according to its critics, is that the public does not regard it as being so "returnable" as the traditional milk bottle. In a country where around 400m milk bottles just seem to vanish every year, that is no trivial failing. Milk bottles cost about 5p a time nowadays; moreover, the strays cause a lot of pollution.

But the case against the pinties is not accepted by the National Dairymen's Association. It is just beginning an investigation into the success or otherwise of the new bottles and hopes to bring out a report in the autumn.

The gloomiest utterances about the pintie come from Iric Carter, managing director of Milk Vessels Recovery Ltd.—a little-known but nationwide friendly society. Its role in life, as the name implies, is redistributing bottles to their proper owners — even stray bottles handed in to Cornish dairies find their way home to the Lake District.

"Losses on the pinties are much higher," says Carter. "Our evidence is that people just throw them away." A former chief inspector in the London C.I.D., he is not a man of casual utterances. He points out that in 1976, his organisation — with headquarters in Tottenham, London — recovered 135m bottles. That was the peak, and the figure is now down to 86m.

Carter does not blame all the decline on the pinties, but sees them as a principal factor. When I put his views to the Milk Marketing Board, it described them as "intriguing." The Board was more interested in explaining the differences in "trippage" around the country. I was told that in Glasgow and Liverpool, milk bottles have an average life of four trips. But in the law-abiding Home Counties, 40 is the norm.

"Will the last person to leave please turn out the light."

Kew stew

The onset of summer has caused some havoc in the country's main Public Record Office, opened at Kew in late 1977 at a cost £10m. The air conditioning broke down at the weekend, forcing a shut-down on Tuesday after a dogged effort by researchers and staff to sweat it out.

The new PRO, considered the most modern research centre ever built, has amazed—and sometimes bewildered—professors from all over the world. To name but one innovation, documents are called up by computer. To name another, the windows cannot be opened.

So when the air conditioning plant found the heat too much of a strain, the "controlled environment" atmosphere in the search rooms was calculated to steam up any professor's bi-focals. Almost all the 250 staff were sent home and the buildings were shut.

I gather that the PRO air conditioning has failed "spasmodically" before. But the official Property Services Agency is not forthcoming about the names of the manufacturers.

Off the list

It will be little consolation to punters who have seen their Ladbroke's shares tumble 34p in a fortnight to learn that one of the apparently unassailable assets of the casino operation might not be such an asset after all. The property in question, quite simply, is its lists of members.

The Gaming Board takes the view that any operator who loses a licence should not benefit from having previously been an operator. Thus the lists—whether expanded legitimately, or—as alleged—through the police computer in Nottingham—might be a risky thing for any potential rival to buy. He in turn could well fall foul of the Gaming Board.

The Gaming Act prohibits all advertising of the attraction of green baize and hopes of gain. But nothing prevents clubs from sending flowers, an invitation to dinner, or even an air ticket to members who have become temporarily disillusioned with the wheel of Fortune.

Joe Coral was more forthcoming to me than most about the value of its 30,000-long list of members of its London clubs. Marketing manager Brian Tomey tells me the list is a closely guarded secret—"Not many people have access to the total list." And, like other gaming organisations, the group would "never ever contemplate" selling in effect its lifeblood.

If there are not-so-private lists of gamblers in the UK similar to those assembled by North America's so-called "junketeers"—who for a fee fill planes full of potential losers and send them to Las Vegas—then no-one seems to know of an up-to-date one. The last one I have been able to race dates from 1972. A company now out of business called Specialistics produced a roll of 250,000 racing punters, 250,000 citizens with bookmakers' credit accounts, and 40,000 London gaming club members. Quite how this was assembled is a mystery to me.

On the side

The flood of stories about overwork at Westminster, which set the scene for higher salaries for MPs, have not deceived the chaps in the business of moving heavy goods, rather than just waving order papers about. The Institution of Freight Forwarders has just published in its monthly bulletin a profile of the new president — Keith Wickenden, chairman of European Ferries.

The profile says firmly that Wickenden is "the Conservative MP for Dorking, Surrey. His other outside interests include ..."

Well read

A woman of my acquaintance was being told by the host before a dinner party about the other guests and their interests. In the course of this briefing he pointed out a suave and elegant man as someone who "could read women like an open book." After a moment's pause the host added: "He uses the Braille system."

Observer

ECONOMIC VIEWPOINT

Bribing ourselves with our own money

THE WHOLE is not always the sum of its parts. Sometimes it may be a good deal less, and an excellent example is Government industrial aid. This is an area where the case-by-case examination, so thoroughly implanted by constituency and industrial pressure groups, can be misleading on its own, and needs to be supplemented by an economy-wide approach.

For although it may be true of any one company individually that without Government aid it would face a cash deficiency and have to reduce its labour force, or its investment programme, or both, this is not necessarily true of all companies taken together. The jobs "threatened" by Government aid cuts cannot be estimated simply by adding up all the jobs in the individual schemes on which the axe may fall. To suppose otherwise is to commit the "fallacy of composition," of passing unthinkingly from the particular to the general.

Indeed, the more companies that are dependent on Government aid, and the more across-the-board that aid is, the more *safely that aid can be withdrawn*. For in that case the Government is simply robbing Peter to pay Paul. It is taxing or borrowing from all of us in our capacity as citizens, to lend or grant back the same sums to us in our capacity as wage earners or shareholders.

This is a crazy system to which we are led by the political market place where producer groups count for more than the consumer or taxpayer, but where the privileges granted to different producers tend partly to offset each other, so even the most subsidised groups gain a good deal less than they think. There is only one pork barrel in which all the competing snouts can snuffle.

The different items of industrial assistance need to be considered together. The Assisted Regions covered 40 per cent of the population before Sir Keith Joseph's announcement (and will eventually be reduced to 25 pre cent). But there are many other schemes not regionally limited such as some employment subsidies, aid to British Leyland, British Steel and other industries in trouble, not to speak of selective assistance to companies under Section 8 of the 1972 Industry Act, or support for Tory-favoured industries such as aerospace and farming. The full list, which should also cover fiscal concessions to encourage investment, has never been published in coherent form. But it runs at perhaps £3bn per annum; and almost all areas and industries receive something or other from the tax payer.

To examine all the schemes on a piecemeal basis misses out the key interactions. If an individual company is deprived of £1m of aid, it can hardly expect to be able to raise its selling prices or raise more outside capital to recover the loss. *But if large numbers of companies are getting such aid*, then an across-the-board cut enables the Government to reduce its own borrowing and reduce taxes; and this sets up a chain reaction, which would not occur if an individual aid scheme were axed in isolation.

Lame ducks

It is therefore better to consider not just the particular steel closures or regional aid cuts announced on Tuesday, but all Government action, actual or hypothetical, to keep a check on industrial and employment aid. Mr. Healey would also have had to trim back industrial aid severely, if he was to achieve anything like his stated aims for the public sector borrowing requirement. If we bear in mind the all-too-likely lame ducks and industrial casualties, not provided for in present official expenditure estimates, the real question is whether Sir Keith has done enough to prevent Government industrial spending from rising further.

ILLUSTRATIVE CASH FLOW EFFECT OF ACROSS THE BOARD CUT OF £10m A YEAR IN GOVERNMENT INDUSTRIAL AID

(£m)

Personal and Financial Sector		Government Sector		Corporate Sector	
Gain from tax cut	+ 5	Cut in industrial aid	+10	Loss from aid cut	−10
Reduced lending to Govt.	+ 5	Cost of tax cut	− 5	Recovery from higher prices	+ 5
Increased lending to cos.	− 5				
Effect of higher prices	− 5				
Net effect on volume of spending	0	Reduction in deficit*	+ 5	Increased outside finance*	− 5

N.B. Key Assumptions: half of Aid Cuts go to reduce Budget Deficit and half to cut taxes; companies make up half of shortfall by raising prices and half by raising outside finance.
* Increased financing need is shown as negative, lower financing need is shown as positive.

The table presents a stylised analysis of the effects of a hypothetical £10m across-the-board cut in Government industrial support. It is assumed simply for illustration that half the proceeds are devoted to reducing the public sector borrowing requirement and half to cutting personal taxes. In the nasty actual world the clampdown on aid is necessary simply to prevent borrowing and taxes from rising still further; but the arithmetic is simpler and the principle the same if we think of actual cuts.

If we now look at individual families and the financial institutions through which they save (shown in the first column of the table), they are £5m better off as a result of the tax cuts. In addition the Government can borrow £5m less from the public without being forced to resort to monetary creation through the banking system.

These changes have consequences for the corporate sector shown in the right hand column. Companies will be able to recover some of what they have lost from Government aid in higher prices and this will preserve some of the jobs superficially at risk. Each concern would know both that its competitors were under similar pressures and that consumers had more disposable income. Moreover as individuals and institutions would be lending less to the Government, the corporate sector would be able to raise more outside finance without bidding up interest rates: and this too will safeguard jobs.

In the illustration the corporate sector recoups £5m from higher prices and £5m from outside finance. But the proportions could of course be *different, in which case there* would be likely to be consequential changes in interest rates.

The analysis is not particularly dependent on where one stands on "demand management." A Keynesian would fear that more of the tax cuts would be saved and argue for larger ones, while a more classical economist would rely on the interest rate mechanism to prevent such effects. But on neither basis is there any *job-saving or other argument* for not making the reduction.

What is taken out of the corporate sector by one route will come back by another without the deadweight cost of raising taxes or the distortion of high Government borrowing.

Subsidies

One should, however, add, that on a strict monetarist analysis the money supply would have to be higher and the exchange rate lower, after a subsidy withdrawal, to sustain the higher corporate turnover and price level. If companies received 50 per cent of their cash flow from Government aid and this were ended overnight, then there would be no avoiding a large once-for-all sterling depreciation and money supply increase—except by across the board wage reductions. But as Government subsidies are still on average only about 3 per cent of turnover, and Sir Keith Joseph's phasing out is so desperately gradual, their price-boosting effects will in practice be lost among the thousands of other influences affecting the money supply and the exchange rate.

The table is obviously meant to illustrate just a few broad effects. A fuller analysis would for instance have to include the overseas sector, where a less strong exchange rate would bring higher import prices, but also higher product prices for British concerns. There would then be further implications for wages, tax receipts and so on.

But for all the extra arithmetical complication, the basic principle brought out by the table would remain: which is that nothing much changes, except for a reduction in taxes and Government borrowing, if companies are made to recover from the goods or capital markets what they previously received in Government aid.

This analysis is a close approximation to the truth for the most widespread forms of aid which large parts of the country receive. It does not apply where large sums of aid are concentrated among a few concerns or areas. A large reduction in highly selective aid could not be recouped by higher prices or more corporate borrowing.

Indeed one advantage of removing across-the-board assistance would be to isolate and assess the more specific schemes. If a small minority of companies or regions are receiving special help, it is possible to examine the costs and benefits of the expenditure. But *if much of what these hard-hit* companies or regional black spots receive is common to a large fraction of British industry, then it is almost impossible to isolate the special help involved. It is possible incidentally to be more selective by narrowing the criteria for aid, while actually reducing the personal discretion of Ministers and officials.

The economic case for selective assistance, regional or otherwise, is that relative wages respond slowly to demand changes. This can mean unemployed workers in some trades and areas, side by side with labour shortages in others. Subsidies designed to slow down changes in the pattern of demand could thus, in the hands of an omniscient Government, reduce national unemployment totals. But such policies need an altogether improbable official understanding of thousands of interlocking labour markets and a detachment from constituency pressures. Moreover the investment-based type of subsidies, for which the CBI argues with such mistaken vigour, may actually have increased regional unemployment by encouraging highly capital intensive activities, of which oil refining and automated chemical plants are only the most obvious examples.

But the benefits from even a better designed regional policy would have to be weighed against the losses of industrial ossification. The widely *bemoaned disparity between the* supposedly self-sustaining south and state supported north of the UK is itself partly due to the billions of Government funds which have discouraged the less prosperous areas from adjusting and institutionalised their problems. While there may be a case for aid to enable adults well on in their career to remain in their accustomed jobs, *it is near criminal to use* state cash to bribe young people into subsidised jobs and thus deflect them from work for which there is a genuine demand.

It would be more effective to remove obstacles and disincentives to people moving to the areas and occupations where the jobs are; and the re-establishment of a market in rented accommodation would do far more good than all the regional policies ever invented. (The knockdown sale of council houses does nothing to make available more rented homes.)

Auto-reaction

Eight years ago I ended a highly critical essay on the Heath Government in its initial "Selsdon" phase by saying that "a battle to preserve every official body, every subsidy every control and every tax is not the only or the most promising stand" from which to make one's criticism. Sadly but predictably, Labour, Liberal and "moderate Tory" spokesmen have learnt no lessons and are reacting in the old knee-jerk fashion. Mr. John Silkin has alas shifted from talking sense about European agriculture to talking nonsense about British industry.

It is precisely because I am in favour of a Welfare State and would like to see such things as higher and indexed *child benefits, a start on tax* credits and a revival of the health service (not to speak of less penny-pinching on the arts) that I would like to see phased but sweeping reductions in spending on industry and on housing—sectors which are in no sense public goods and where state spending does remarkably little to redistribute resources towards the poor. We *might be a good deal better off* if Sir Keith Joseph really were the ogre of journalistic imagination and, even more so if there were someone who could talk some economic sense to the Labour Party on industrial matters.

Samuel Brittan

Letters to the Editor

Shotton and Corby

From Dr. R. Bryer and Mr. T. Brignall.

Sir,—In your issue of July 13 *you state, on page 1*, that "the Corby iron and steel works . . . and the Shotton works . . . will each lose about £40m in the next year." On page 7 you refer to these "losses" as "savings" to be made from these closures. Your staff should realise that cost savings and profits/losses are very different. Certainly, as regards Corby, it is rapidly moving back to its normal profit-making situation if the excessive interest charges (on British Steel Corporation's accounting policies they are double what they should be) which have amassed because of investments elsewhere, are excluded. Therefore it is highly misleading to refer to the figure of £40m as a potential loss from running Corby (the loss for 1978-79 at Corby excluding interest charges was £1.4m, which is only 1.2 per cent of BSC's operating losses).

It is also misleading to refer to it as a cost-saving because we have shown (as reported on July 11, page 10) that given a correct accounting treatment the figures which BSC presented to the trade unions to justify the closure only reveal a potential cost saving of £6.4m per annum. To say that the saving would be £40m overstates it by some 600 per cent. The £6.4m is not an alternative case; we have not "interpreted" BSC's figures. Either BSC management do not understand accounting or they are deliberately trying to mislead the trade unions, the Government and the public.

The £6.4m per annum estimated cost saving is BSC's "official" case, but other information that we have received—some of it confidential—from BSC in answer to questions put by the trade unions undermines the whole rationale of BSC's decision. And this notwithstanding that the case for closure was extremely weak in the first place. As BSC is a publicly-owned corporation it should be *asked publicly to justify* its case for the loss of 12,000 jobs at Corby and Shotton.

Dr. R. A. Bryer
T. J. Brignall.
(Lecturers in Accounting and Finance),
School of Industrial and Business Studies,
University of Warwick,
Coventry.

Supporting invention

From Dr. S. Castell

Sir,—It was heartening to read John Elliott's report (July 12) of the Industry Department's consideration of a scheme designed to aid small companies by way of a support package for those organisations providing risk capital.

Please may this scheme not stop at only half-hearted "establishment" or "fashionable" measures, but itself make some rather more exciting and dramatic innovations of its own in the — thankfully now openly-acknowledged — cause of supporting and nurturing enterprise, invention and entrepreneurial flair.

Let us see a few ideas along the lines of support for the individual as well as the institutional backer (or even broker); official encouragement of a liquid over the counter market in young, growth private company stocks; the launch of a "gambling-oriented" investment instrument ("venture capital" or "angel bond"); and a particular focus on individuals and companies innovating in the many embryonic areas of that vitally important major industry of the future, information technology.

With Mrs. Thatcher, as I understand it Britain's first Bachelor of Science Prime Minister, at the helm, isn't it time we now applied a little scientific imagination to the financing of small technology-based businesses?

Dr. Stephen Castell.
"Furlongs,"
Grange Road,
Wickham Bishops,
Witham, Essex.

Freeing capital for investment

From the Managing Director, Motolease

Sir,—It is a sad reflection on the connotations attached to the word "leasing" that the Government study into its impact on the economy should be approached in the context of tax avoidance. David Freud and Michael Lafferty's article entitled "The Treadmill of Leasing" (July 10) was most interesting, but raised several points which need answering.

It is an over-simplification to contend that the growth in leasing is solely the product of the tax system. The ability to claim 100 per cent first year allowances has been available since March, 1972, and yet the real growth has only taken place over the last two/three years. In the case of the vehicle leasing market, the "take off" was more the result of the changes in the Control of Hiring Order —resulting in lower initial deposits—rather than the decision by the Special Commissioners (a decision which was at no time challenged by the Revenue) to allow 100 per cent allowances on medium term hire as well as the short term rental market.

The idea that the present capital allowances system has undesirable economic effects in terms of "competition theory" is somewhat difficult to comprehend. The practice of profitable companies passing on part of their gain from capital allowances to less profitable companies in the form of leased assets provides those smaller businesses with the opportunity of freeing what capital they have for investment elsewhere. The resultant loss to the Revenue, which is in fact the loss only of the inflation percentage on taxation deferred by the lessor, should be more than offset against the gain to the economy as a whole resulting from the investment of such capital. Furthermore, it should be remembered that as the economy strengthens, inflation decreases and the loss to the Revenue from capital allowances becomes still less.

The suggestion that the market is totally biased towards the large companies and the big deal really understates the role that the small personalised leasing operation provides. As the Wilson Committee has indicated, the City has traditionally not been very good at financing the up-and-coming entrepreneur, and the present capital allowances structure enables leasing to provide a moderate amount of venture capital.

Industry and politicians need to understand more fully the role that leasing plays in the economy and the controls that are necessary to ensure that its abuses are kept to a minimum. They should not be misled by emotive terms like "over trading" and "tax avoidance," but should recognise the fundamental role that the leasing industry is playing and the support that it deserves.

Michael Goddard.
1, Great Cumberland Place, W1.

The importance of leasing

From Mr. R. Birley

Sir,—Your correspondent has quite properly pointed out the dangers of a rapidly expanding market, but in none of his articles does he explore the reasons why leasing has become such an important means of financing plant and equipment. Equally with tax deferral by lessors the key reasons are as follows.

A leasing or lease purchase contract ensures that the hirer of an asset is certain of its funding for the period the hirer has assessed as being appropriate to its cash flow. A company which has built up more capital allowances and stock relief than it needs for its purposes is able to lease additional assets used *in its business at a much lower* true interest rate than if it borrowed the money. Conversely the same company will change from leasing to lease purchase or borrowing when it can again use capital allowances. In terms of the national economy this is optimising the use of industry's cash and tax. A lessor who is involved in a cyclical industry can even out his cash flow by putting his surpluses into assets for leasing, and thus fund his overheads at the time he most requires to fund them namely during the downturn of the business cycle.

Bearing in mind that growth in investment has been very limited over recent years, growth in leasing is in only a small part caused by that growth in investment and is in the main a switch in the method by which assets are financed by industry and local authorities.

Lessors take very considerable care to evaluate all the risks involved and indeed would not have been in a position to become lessors if they had not taken such care in all their activities.

R. V. Birley.
Rea Brothers (Leasing) Ltd.,
King's House,
36/37, King Street, EC2.

Provision of debt finance

From Mr. W. Colegrave.

Sir,—David Freud and Michael Lafferty's article (July 10) is a useful contribution to an important subject. But it fails to stress two very important points in examining the risks involved in the development of lessor business outside the financial sector. The market for leasing is now much too large for this sector alone. Banks will necessarily restrict the amount of leasing they do to about the amount of their pre-tax profits; if they were the only people in the market leasing rates would rapidly rise because of a very significant excess of demand for leasing over supply.

There seems to be an assumption that the only suitable market for the provision of debt finance (and leasing is, of course, essentially debt finance) is the financial sector. This is to disregard the important role that the debenture market played until the mid-1960s when tax changes effectively made it uncompetitive. At that time the institutions and the public were providing substantial amounts of debt finance direct to industry; it was efficient and the cost was probably more closely risk related than bank lending has ever been. Some ten or so years later, the leasing market is to some extent replacing these funds.

There remain many legal and tax questions to be settled before the leasing business can mature in such a way that leasing paper might even be traded through, for instance, the Stock Market. But it is not unlikely that eventually leasing will be recognised as simply another form of debt financing but with certain tax benefits attached and as a result, carrying a lower coupon.

As to the economic effects of leasing, it is wrong to write that leasing has the "undesirable economic effects . . . of profitable companies passing on some of the gain to less profitable ones." The 100 per cent first year allowance system combined with inflation means that most *capital intensive businesses and* certainly all expanding ones will have current or accrued allowances which at least offset their immediate corporation tax liabilities.

W. R. B. Colegrave.
16, Davies Street, W1.

Pricing policy

From Mr. R. Pearce

Sir,—I wonder what the reasoning is behind shoe shops and other multiple retail chains selling items for, say, £9.99 when the real cost is £10.

Surely someone is not put off a purchase if an item is one penny cheaper, there would be benefits to the stores if all these items were rounded up by one penny as they would have the extra income and instead of three or four buttons having to be pressed on the tills then in the case I have quoted above the tens unit key only would have to be pressed. They would not have to get in a vast amount of change and savings would seem to be there.

I would be interested to know what the reasoning is behind this pricing strategy, particularly as some of our best-known stores, with excellent reputation, do this. Surely shoppers can't now be gullible enough to think that £9.99 is a bargain whereas £10 is expensive.

R. J. Pearce.
5, Marlborough Road,
Castle Bromwich,
Birmingham.

Not exactly a decimation

From Mr. C. Joubert

Sir,—Yes, indeed: a reduction from 20m to 17m is "not exactly a decimation of the audience" (Chris Dunkley, July 11). If the BBC had lost a tithe of its viewers, the audience would have been reduced only to 18m.

C. J. P. Joubert.
47, Florence Road,
SW19.

Today's Events

GENERAL

UK: Accounting Standards Committee two-day public hearing starts in London.

TUC Steel Industries Committee meets British Steel Corporation, Teesside.

Price Commission report on gas tariffs published.

Commission for Racial Equality report published.

Mr. Joseph Rafferty, Agent-General for Victoria, Australia, visits Birmingham.

Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks at Advertising Association lunch, London.

Prince Charles meets leaders of Welsh industry, Cardiff.

National Gas Consumers Council annual report published.

Royal Institution of Chartered Surveyors Exhibition "Surveying the world" opens.

Liverpool Show opens, Wavertree (until July 21).

Craft Fair, Fitzroy Square, London.

Son et Lumiere starts at York Minster (until October 27).

Overseas: The Queen starts African tour with three-day visit to Tanzania.

Organisation for Economic Co-operation and Development publishes report on world economic outlook, Paris.

French dockers call 24-hour strike affecting all French ports.

Last day of European Parliament's first session.

PARLIAMENTARY BUSINESS

House of Commons: Debate on reintroduction of the death penalty. Motions on the Social Security (Unemployment, Sickness and Invalidity Benefit) Amendment Regulations and on the Child Benefit and Social Security (Fixing and Adjustment of Rates) Amendment Regulations.

House of Lords: Charging Orders Bill, committee. Education Bill, committee. Ministerial and Salaries Order. Shipbuilding (Redundancy Payments Scheme) (Amendment) Orders. Northern Ireland Orders. Debate on the Queen's safety while visiting Zambia.

OFFICIAL STATISTICS

UK banks' assets and liabilities and the money stock (mid-June). Consumers' expenditure (2nd quarter — first preliminary estimate). London dollar and sterling certificates of deposit (mid-June).

COMPANY RESULTS AND MEETINGS

See Company News on Page 28.

MFI surges to near £14m and sees more progress

TAXABLE PROFITS of MFI Furniture Centres soared from £5.34m to a record £13.98m for the year ended May 26, 1979, on turnover £32.43m higher at £87.47m. At midway, the surplus had jumped from £1.71m to £6.03m.

The company had a successful June, partly influenced by "Budget anticipation" buying, and the directors remain confident of further progress into the 1980s.

As a result of the group reorganisation completed last month, the company is the principal trading subsidiary of MFI Furniture Group.

Based on the 66m shares of the holding company, stated earnings per 10p share were more than doubled from 7.9p to 16.1p, while a special interim of 3p net lifts the total payment to 3.732p (adjusted 0.732p)—the special interim has been waived in respect of 15m shares. A one-for-one scrip issue is also *proposed*.

The Board is considering future dividend policy and a statement is expected to be made at the annual meeting.

During the year, nine branches were opened and one closed. Expenditure on freehold properties and long leaseholds amounted to £5.3m.

Since the year-end, three more branches have been opened, brining the present total to 67. Plans are well advanced for additional branch openings during the current *year* and five are *scheduled to be opened in* December.

Tax charge for the year was well up from £138,000 to £3.35m, with no provision made for deferred tax arising from stock appreciation relief. Retained surplus emerged at £8.74m compared with £4.85m.

● comment

MFI ran into the almost inevitable profit-taking yesterday, falling 4p to 170p, but there was nothing in the results to dent another almost daunting growth record. Indeed, with a two-point second-half margin rise to 16.9 *per cent the group* has allayed earlier warnings of static rate of profitability improvement in the December-May period. Those warnings are again being emphasised but, if a less steady consumer spending pattern this year suggests greater margins pressure, sterling's relative strength will help to offset any rise in the cost of imports, which still account for some 40 per cent of input. Given that capital spending on perhaps another 10 freehold branches and additional warehouse capacity is likely to top £10m this year, the dividend cover of 2.8 times fully taxed historic earnings (adding back waivers) and almost twice CCA earnings is reasonably generous even if the yield of 3.2 per cent offers little or no support. The fully taxed p/e is 16.4 but analysts are pitching at something in the region of £18.5m-£19m pre-tax this time which would lower the multiple to 12.4. That looks perfectly defensible and might indicate scope to run up to around 200p over the near *term*. Two points, however, are worth considering. Over half the equity is tightly held and the market is too narrow to allow much institutional involvement. Secondly, it might be about five years, freehold site availability permitting, before MFI attains an optimum UK retail network and sometime between now and then the group will have to develop its thoughts on overseas expansion.

Vita-Tex advances to £0.8m

IN LINE with the optimistic midterm forecast, taxable profits of Vita-Tex, manufacturer of warp knitted fabrics, improved from £507,592 to £803,392 in the year to April 30, 1979.

At halfway, when profits were ahead from £207,000 to £351,000, the directors said they expected second half results to be at least as good as those of the first.

They now say that buoyant trading conditions have continued in the first three months of the current year and this should continue throughout the 12 months despite rising synthetic fibre prices.

The net total dividend is stepped up from 3.5p to 4.6p with a final payment of 3p.

Turnover for the year rose from £7.53m to £9.08m and profit was struck after depreciation and interest of £354,751 (£334,237). Tax absorbed £172,189 (£136,787). Last time there was an extraordinary debit of £55,442. SSAP 15 has been applied and comparative figures adjusted.

HIGHLIGHTS

Lex concentrates on the relaxation of exchange controls and the implications for both direct and portfolio investment. Elsewhere on the company news front Gestetner comes past the post at the half-way stage with pre-tax profits more than £2m lower at £11.4m. Earnings at Illingworth Morris are grim and *there is little sign of an improvement*, though the problems appear to be fully discounted in the modest share price. Birmid Qualcast also reports rather dull figures. Interim profits are halved to £1.9m but that is hardly surprising bearing in mind the rationalisation costs, losses in South Africa and the impact of the winter's disputes. On a far happier note comes the full-year results from the fast-moving retailing group MFI. Despite earlier cautious comments from the company the full year has achieved nearly £14m pre-tax against £5.3m.

Gestetner £2.2m lower at halfway

THE STRONG pound undermined performance at Gestetner Holdings, the reprographic equipment group, in the first half of 1978/79. Taxable profit fell £2.2m to £11.4m for the six months to May 5, 1979, with almost £1m of the decline attributable solely to translation of overseas subsidiaries' results.

Inability to pass on higher costs fully in prices and lower activity at the Tottenham factory reduced profits and margins in the UK. The companies in Canada and the U.S., where the weakness of currencies against sterling was most marked, did not contribute materially to the results.

Overall sales growth, achieved at the expense of margins, was 10.6 per cent in currency terms but in sterling terms the advance was down to 1.8 per cent from £129m to £131m.

Sales in May and June show further gains but if sterling continues at its present high levels, the group's competitive position and overseas profits will remain under pressure, the directors warn.

With tax taking £5.15m (£6.34m) stated earnings per 25p share were down at 13.46p (15.64p) basic or 10.23p (11.83p) fully diluted. The net interim dividend is stepped up to 2.5p (2.135p). Last time a 2.2842p final was paid from pre-tax profit down from a peak £29.8m to £27.2m.

On a current cost basis, the half-year surplus is £7.8m (£9.79m) after £1.03m (£0.95m) additional depreciation and £3.15m (£2.85m) extra costs of sales less a £0.59m (nil) gearing adjustment.

Analysed geographically the percentage contribution from the UK to historical profit dipped to 27.1 (32.3) while other EEC countries accounted for 37 (31) and the rest of Europe 5.5 (4.4); from America it was down at 10.9 (15.6) while from Africa, Asia and Australia it rose to 19.5 (16.7).

Gestetner has acquired a further 7,970 shares in Scope Incorporated, a U.S. producer of electronic communications equipment, bringing its holding to 20 per cent. The total cost of this holding was U.S.$8.44m, financed by a $9m bank loan.

The share of this new associates profit included in the half-year results was $138,000 (£67,000), and interest on the loan amounted to $203,000 (£98,000).

Group profit included £1.23m (£1.11m) investment income. After dividends, costing £1.18m (£0.98m), retained surplus emerged at £5.08m (£6.28m).

● comment

Gestetner's interim figures are disappointing. The strength of sterling is management's biggest headache by far. In addition, production in the UK has been upset to some extent by the introduction of new models, and demand has been soft in the profitable supplies part of the business. North America has had to bear the costs of product launches, which have been running rather behind schedule, and there have apparently been a number of other special problems too. May was an excellent month for profits, but currency uncertainties overhang short term earnings projections, and the key question for the long term concerns the success of the company's response to changing technology. Meanwhile the dividend policy looks over-conservative — the interim is covered well over 3 times by current cost earnings — but a prospective yield of maybe 7 per cent or more will probably underpin the shares at 105p, down 7p yesterday.

Strong pound hits Wedgwood

FIRST-QUARTER results of Wedgwood "will inevitably be very disappointing" because of the strong pound, according to Sir Arthur Bryan, chairman and managing director.

Speaking at the annual general meeting yesterday, Sir Arthur said North American sales in the first quarter "show some increase despite the higher prices we are obliged to charge but, when those sales are converted to sterling, they are very nearly £1m down on the same period of last year."

Sir Arthur indicated that it was too early to assess the implications of the strengthened pound on the full year's results. However, he expected the group to benefit from improved productivity as the year proceeded.

But the strength of the pound, which he blamed on "the North Sea situation" and the "highest interest rates obtainable in any developed country in the world," would pose a continuing threat to profitability.

"Until it can be shown that the present increase in the price of sterling is based upon a sound British economy, there appears to be no virtue in the present rise of some 10 per cent against the U.S. dollar since the end of our last financial year," he said.

Wedgwood exports some 57 per cent of its products, with the North American market receiving about 40 per cent of exports.

Lack of confidence in the dollar could "cast a veil of gloom" over the company's performance in the next six to nine months, Mr. Peter Williams, the finance director, said after the meeting.

Upsurge at Burroughs Machines

With turnover up from £47.59m to £59.59m, pre-tax profits of Burroughs Machines surged from £2.2m to £11.58m in the six months to May 31, 1979. For the last full year profits totalled £14.74m.

First half profits included exchange gains of £836,000 (£1,095,000) and were subject to tax of £6.03m (£0.98m). The company is a subsidiary of Burroughs Corporation of the U.S.

Syltone well up at £1.43m

CONTINUING the progress made at halfway, when a rise from £512,000 to £701,000 was reported, pre-tax profits of Syltone finished the year to *March 31, 1979, some* £382,000 better at £1.43m.

A net final dividend of 5.4367p raises the total payment from 5.6235p to 7p, on earnings ahead from 26.36p to 33.78p per 25p share.

Turnover for the 12 months was £14.65m (£11.24m). Tax took £382,996 (£240,463) leaving the net balance up from £802,970 to £1,042,359.

The company's interests are in engineering, pipe system *supply and wholesale electrical* distribution.

Western Board increase

THE FORECAST advance in Western Board Mills' pre-tax profits for the year to March 31, 1979, turns out to be from £918,358 to £1,198,826. At the midway stage, when the projection was made, profits were ahead from £423,000 to £548,000.

The full year profit increase was despite losses on sales of investments of £19,433, compared with profits of £69,864.

With earnings per 10p share up from 8.8p to 10.7p, the final dividend is 3p for a 4.4p (3.7p) net total.

Turnover showed an improvement from £3.02m to £3.41m. Tax was higher at £631,332 (£451,967). Last time there was an extraordinary credit of £20,384. The retained balance came through at £378,878 (£415,030).

The principal activities of the group are manufacture of mill and fibre boards from waste paper and fabrication of board components. The ultimate holding company is Legov (Jersey).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Audiotronic	0.05	—	0.2	0.05	0.2†
Birmid Qualcast ... int.	1.5	Sept. 12	1.5	—	4.93
N. Brown Invest.	1.68	Oct. 3	1.68	2.51	2.51
Gestetner ... int.	2.5	Sept. 7	2.13	—	4.41
Illingworth Morris	1.15	—	0.98	1.7	1.48
MFI ... §special int.	3	Sept. 27	0.4	3.73	*0.73
Benjamin Priest	4.62	Oct. 2	4.08	6.1	5.34
Syltone	5.44	—	4.22	7	5.62
Union Discount ... int.	6.38	Sept. 3	6.38	—	17.66
Unilock	3.62	—	3.29	5.39	4.9
Vita-Tex	3	Oct. 1	2.3	4.6	3.5
Western Board Mills	3	—	2.5	4.4	3.7
Idris Hydraulic ... int.	3	Sept. 17	2	—	8

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 61 weeks. § Based on 66m shares of holding company.

Courtaulds apprehensive about short-term outlook

DESPITE THE continued improvement in performance during the early months of its current year, Courtaulds has become less hopeful about its short-term prospects.

Speaking at yesterday's annual meeting, Sir Arthur Knight, the chairman, described the outlook for the immediate future as "less encouraging than we had anticipated in our plans."

With prospects for demand growth limited both at home and abroad, it became difficult to recover increased raw material and energy costs through price increases. Higher interest rates also added to the company's costs, while sterling was overvalued in terms of industrial competitiveness, he said.

Sir Arthur said that the improvement noted so far had been most evident in fibres and fabrics, with strong performances in the overseas fibre manufacturing companies and in the UK fabric companies. Packaging had also made a good start.

While making no specific dividend forecasts, he said "we shall continue to aim at consistent and steadily increasing dividend distributions."

For the year to March 31, pre-tax profits rose by 19 per cent to £64m on a 5.5 per cent sales rise to £1.66bn. Courtaulds is paying a total gross dividend of 12.594p, a 10 per cent increase on the previous year.

This was the seventh year in succession that the payment had risen, although profits in these "difficult years" had been much too low in relation to the current value of *assets* employed. "In consequence the level of retained profits has been low and so also has been the extent of the cover for the dividend."

Sir Arthur held out the prospect for 1981-82 of "a profit which would represent a more acceptable return on the assets we employ." When restated for inflation, last year's profit—£8m against £7m—represented hardly any return on the employment of *assets*, which had a present value of some £1bn, he noted.

He expected some of the group's current loss-making activities to break through into profit, but said that the process of eliminating such deficits was *not yet complete*.

Turning to the problems associated with a high sterling rate, he said the present level had a drastic effect on export margins—"it also provides a corresponding inducement to imports and so erodes home market margins for many goods."

Sir Arthur said that the current sterling exchange rate was about 25 per cent above a realistic level, the consequence being lower profits and even losses on some business categories.

"We accept that, because of North Sea oil and our inability as a nation so far to find the policies which will use its benefits to leave us stronger when the oil runs out, we as exporters might have to live with some premium above the competitive level of sterling.

"A premium of, say, 10 per cent—that is, a current sterling/dollar rate of 1.95 to 2.00—would be an uncomfortable but bearable spur to further action to improve performance."

Audiotronic's £0.4m loss

The £500,000 trading loss which Mr. Geoffrey Rose, chairman of Auditoronic Holdings, warned shareholders to expect when the Lasky family left the board in May, has materialised at just under £400,000, compared with a similar sized profit the previous year.

At the pre-tax level, however, losses to March were £733,000—reflecting the closure of the two Belgian shops—compared with £1.28m last time when the French operation closed.

Below the line are more losses incurred in closing down the photographic business, though these are disguised by a £153,000 surplus from the sale of the leases on the Oxford Street and Brent Cross shops.

Mr. Rose attributes part of the losses—amounting to £1.5m of lost sales and £400,000 of lost trading profits—to the appalling winter weather and industrial disputes plus the French collapse.

However, in announcing the figures yesterday, he also blamed much on the problems inherited from the previous Board. "The size and scope of the problems had been underestimated," he said. When he had bought into the company in August last year he had been given profit targets by the directors which were simply not achieved."

Mr. Rose could not predict the outcome of the current year although the first quarter accounts have been encouraging and show that the UK group was back in profit by May.

Allowing for the £3½m turnover lost through the closure of the two London shops, retail turnover in June was up by 14 per cent compared with the level a year ago, and the distribution turnover was up by 30 per cent.

Distribution provided £7m of last year's turnover, retail operations in the *UK £15.7m* and *overseas*, distribution added £1.1m of sales while the Dutch retail chain produced £8.3m.

	52 weeks 1978-79 £000	61 weeks 1977-78 £000
Turnover	32,235	36,347
Loss	393	*421
Exceptional loss†	340	1,700
Loss before tax	733	1,278
Tax recoverable	71	‡247
Net loss	804	1,032
Extraord. profits	70	262
Loss	734	770
Dividends	103	17
Forward	654	1,491

* Profit. † Relating to retailing in Belgium (France). ‡ Charge.

The preliminary figures are accompanied by a balance sheet which shows shareholders funds including the £1.5m new capital injected in last year and reserves of £2.57m (£1.8m). Fixed assets have declined from £2.29m to £1.98m, but the main changes are in current assets and liabilities.

Stocks have been reduced and a one-off write off also made to bring the figure down from £6.98m to £6.29m. *Debtors* have stayed virtually stable at £1.44m but creditors have pulled back to £4.89m from £5.73m. Finally a major reduction in provisions has produced net current assets of £1m compared with net liabilities of £125,000.

During talks on group expectations which failed to materialise Mr. Rose said that he was consulting legal counsel on a number of transactions but refused to comment as to whether he was contemplating legal action against the previous Board.

● comment

Audiotronic's figures for the past year indicate only too clearly why the previous board was looking for the capital injection which brought Mr. Rose into the driving seat. There is still a long way to go. Although the company will not confirm it, the balance sheet suggests that creditors are squeezing on the retail side where all the problems seem to lie. The distribution business, although producing only 22 per cent of group turnover, is apparently clean and profit-making. Now the aim—after trimming all the Belgian and French disasters—is to tackle the UK hi-fi shops. More volume is needed to offset overheads and the 12 new shops planned for this year should help. Stock policies are also being overhauled by the virtually completely changed management. However, there must still be *serious doubt whether* the Lasky's chain can regain its dominant market position and confidence is not restored by the nominal dividend. At 11p, down 1p, the market price says it all even if Mr. Rose underlines the 25p he paid for the shares and his "permanent commitment" as positive factors.

Venesta's £20m deficiency

Venesta International, the timber and packaging group in which Mr. David Rowland's William Hudson company held a 47 per cent stake, showed a total deficiency of £20.8m when it went into receivership in 1976.

The estimated deficiency as regards creditors generally is stated in a letter from the assistant official receiver, Mr. E. W. Ebsworth, to unsecured creditors as £15.2m. In addition there are 2.02m preference shares of £1 each issued for cash and fully paid up of £2.02m, and 14.2m ordinary shares of 25p each issued for cash and fully paid up of £3.56m.

The receiver has realised £4.64m but after payments of £4.49m funds left in the hands of the receiver were only £154,874. The receiver warns that on the basis of these figures it is unlikely that there will be funds available for unsecured creditors or contributories.

Various group directors of the company have attributed its failure to a number of reasons. One director said that the failure stemmed from the inability of the British Board of directors to control the French company which as a result became too large a commitment in relation to the size and resources of the English business.

Another has said that the failure was due to losses incurred in France and the French company continuing to trade from 1974 for political rather than commercial reasons.

Other directors attribute the failure of the company to the world oil crisis and the dramatic fall in world economics which took place after the company's decision to invest heavily in France and the losses made in that country, the investment being financed with funds borrowed at high interest rates which were borne by the company.

In the opinion of the Official Receiver the failure of the company is primarily attributable to the actions of its directors "in that they neglected to maintain the company's expenditure within the means of its income and caused it to borrow in excess of its resources for the purposes of expansion and investment abroad thereby involving it in financial commitments which it was unable to meet."

Ellerman explains accounts

Ellerman Lines, the privately owned diversified group with shipping interests, revealed that there had been a mis-statement of prior years' accounts.

In a note in the 1978 report and accounts the group states that as a result of completing the 1978 accounts of Ellerman City Liners, the shipping subsidiary, "it has been established that there was a material mis-statement of prior years' accounts.

"Some part of the mis-statement arose through weaknesses in the accounting system. Another part arose from estimates made in the 1977 accounts subsequently proving to be inadequate, which, because they are in aggregate material have also been treated as 'adjustments to prior year.' The total of £2.04m has been excluded from the results for 1978 and deducted from reserves at December 31, 1977."

The group reported pre-tax profits reduced from £8.16m to £3.72m for the year 1978.

Turnover increased by £24m to £187m. Within that figure shipping turnover dropped by £1m but an increase of £25m arose *from the group's non-shipping* activities.

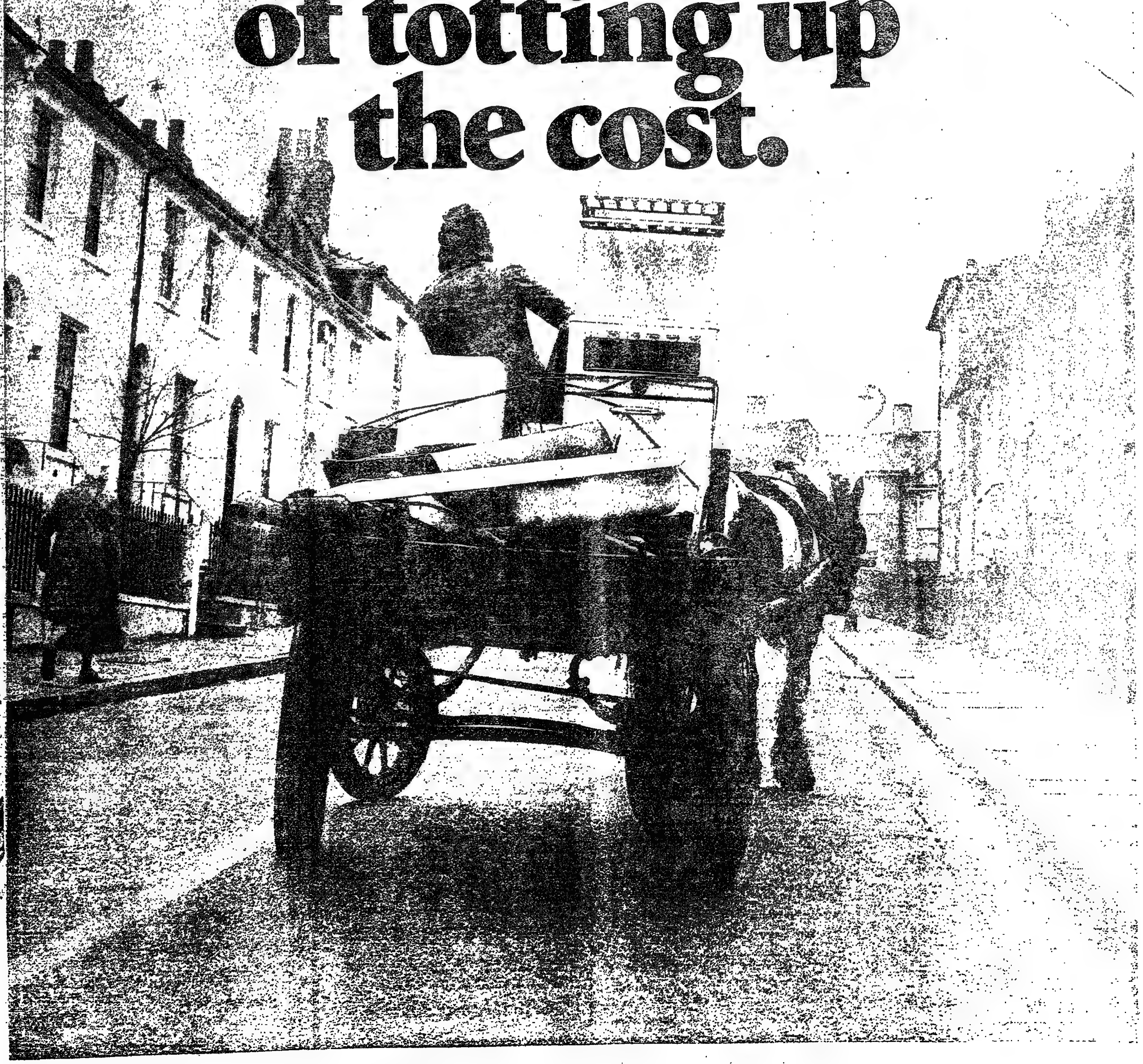
Mr. D. F. Martin-Jenkins, the group chairman, reports that he can foresee little improvement for shipping in the current year, "but I hope we can prevent it from worsening, although in the first three months the freeze up and disruptive industrial action have had a serious effect upon our trading revenue."

He adds: "The recent very big increases in oil prices will hit shipping. All these factors have also affected our non-shipping operations. Nevertheless, I expect to see their trading results not much less than 1978. The final group result for the *year may, however, be lower* because of the higher impact of debt repayment and considerably less income from selling ships. The first half, which is traditionally weak, will produce a loss for the group."

ACCOUNTS DELAY AT BRITTAINS

Preparation of the 1978 accounts of Brittains has been delayed and will not be available for the AGM, which has been set for August 3, at the Great Eastern Hotel, EC.

The directors therefore intend to deal with the re-election of directors and then move the immediate adjournment, until such time as the accounts become available.



Birmid halved midway but expects some improvement

HALVED INTERIM profits are announced by **Birmid Qualcast**, but the directors say some improvement is expected in the second half. On marginally higher turnover of £114.72m against £111.42m, taxable surplus declined from £3.8m to £1.94m for the 26 weeks to April 28, 1979.

In the previous full year, profits had plunged from £10.55m to £4.77m.

The mid-year result was struck after interest of £568,000 (£538,000), share of associates' losses, down from £404,000 to £226,000, and an increased provision of £1.8m (£1.54m) for rationalisation costs, which is one half of the estimated full-year costs.

The transport drivers' dispute adversely affected various parts of the group and trading activities in the foundries division were also restricted early in the year by disputes at customers' plants.

Continued low demand from the tractor market has recently been compounded by a sharp reduction in requirements for diesel engine castings, and trading profits in the foundries sector were reduced.

The bad weather helped the heating division to improve its trading performance but slowed down initial demand for lawn mowers and severely curtailed sales of irrigation products.

Recent demand for lawn mowers has been good, but sales of some electric models have been severely restricted due to shortages of electric motors and this led to lower profits from the home and garden equipment division.

A better level of activity is anticipated in the second half for the foundries division, while demand for heating products continues to be good. However, the directors say the climate, as always, will influence results of the group's seasonal businesses, and it is already clear that irrigation products will suffer from another very poor season.

The interim dividend per 25p share is maintained at 1.5p net, but the directors warn that this should not be taken as indicative of the final dividend policy which will be assessed when full-year results are known.

● comment

Birmid Qualcast had enough charges to its profits in the form of rationalisation costs and losses at its South African associate without the additional impact of a dispute-ridden winter. It now looks as though £6m pre-tax for the year as a whole—against £4.8m in 1977/78—will be beyond the company's reach, and not only because the rationalisation is proving somewhat *more expensive than* expected. The Home and Garden division is being held back by component shortages which are preventing Birmid from meeting orders for lawnmowers, and this division will probably make less than last year. Foundries have underperformed in the first half, and some loss elimination on the irrigation side together with higher boiler profits is unlikely to make up for this entirely. The balance sheet remains quite strong but Birmid is not going to want to pay dividends out of reserves indefinitely: on the basis of a maintained net payout for the year the yield at 46½p is an improbable 15.8 per cent.

MOORGATE INV.

Moorgate Investment Co. has repaid foreign currency loan facilities amounting to U.S.$ 255,000 in aggregate which were due for repayment no later than January 31, 1981, as to $150,000 and September 30, 1982, as to $105,000.

The company's total multi-currency borrowings have accordingly been reduced to $195,000.

N. Brown profits top £1m

AFTER BEING down slightly from £310,000 to £301,000 in the first six months, **N. Brown Investments**, Manchester-based mail order business, reports pre-tax profits of £1.01m for the year ended March 3, 1979, compared with £809,000 previously.

The relatively large profit increase is attributable to improved efficiency and computerisation and the continuing policy of eliminating less profitable areas of operations, the directors say.

Mail order activity was particularly buoyant in the latter part of last year and this trend has continued in the early months of 1979-80.

Turnover, net of VAT, improved from £16.72m to £17.34m. Tax takes £157,000 (£478,000 restated) giving earnings per 20p share of 6.78p against 2.59p. The final dividend is again 1.683p maintaining the total at 2.508p.

There are extraordinary debits of £33,000 (£340,000) and £545,000 against a £194,000 deficit, is retained. Bank overdrafts were reduced by £850,000 during the year.

Guthrie may miss forecast

THE FORECAST of £30m profit for 1979 made by Guthrie when it successfully fended off the bid from Sime Darby Holdings earlier this year may be missed because of the rise in sterling.

The effect on forecast group profit would be over 9 per cent at current exchange rates said Mr. Mark Gent, chairman of Guthrie, at the AGM yesterday. But of course it was the rate of sterling at December 31 which would determine the outcome, he added.

The Board nonetheless intended to recommend dividends of 28p per share for 1979 as previously forecast, he said.

Mr. Gent was less optimistic about the UK and Australian operations than he had been when the forecast was made. But the plantation business was continuing to do well and palm oil was a very profitable crop in its current price range. Rubber was not an economic crop as structured at present compared to palm oil and cocoa. Representations had ben made to the Malaysian Government to change the export duty.

Excluding Sime Darby's holding of just under 30 per cent, Far Eastern shareholders owned some 12 per cent of the group he said. He could not say whether Sime Darby would renew its take-over attempts when the regulation 12 months waiting period ended in March 1980.

First half rise for Dunlop South Africa

Dunlop of South Africa, 70 per cent-owned by Dunlop International, reports turnover up 25 per cent from R49.5m to R61.7m in the first half of 1979 with trading profit ahead 35 per cent from R5.21m to R7.02m.

However, Mr. H. W. Archibald, chairman, says the first half improvement is unlikely to be sustained during the second six months, but he is optimistic that last year's total earnings of 53.3 cents and the 26 cents total dividend will be maintained.

More than half the first half turnover improvement was accounted for by inflation with only 12 per cent based on real growth.

Controlled prices were only increased by 10 per cent which is much lower than previously, the chairman says. This, coupled with sharply lower speed limits in South Africa which are expected to adversely affect tyre sales, leaves some doubt over Dunlop's performance for the rest of the year, Mr. Archibald says.

Union Discount ahead

Union Discount Company of London reports that trading profits for the half year to June 30, 1979 were greater than for the same period last year. Whereas a significant provision was then required for depreciation in the value of the portfolio, only a modest provision has been necessary on this occasion, despite the increase in MLR to 14 per cent on June 12.

The net interim dividend is held at 6.375p per £1 stock unit. Last year's total payment was 17.657p from net profits of £1.8m.

BIDS AND DEALS

Reed sells property stake to MEPC for £10m

BY MICHAEL CASSELL

MEPC has paid £10m for the 49 per cent interest held by **Reed International** in MEPC-Reed Properties, the company jointly owned by the two groups.

The £10m deal represents the latest development in Reed's widespread rationalisation and restructuring programme, involving the sale of several operating subsidiaries. It also comes shortly after MEPC's successful £36.3m rights issue announced last month.

● **Samuel Properties** said yesterday it had completed the sale of its interests in its West German subsidiaries, Samuel Grundstucksverwaltungs and Samuel Properties GmbH, together with their two investment properties in Frankfurt-Main. The sale was to a subsidiary of Stitching Pensioenfonds and the total consideration of about £25.19m will go to repaying bank borrowings in Germany of £24.59m. The book cost of the two investment properties at June 30 last year was approximately £24.09m.

All the sales are for cash. The total amount to be realised through these sales, including debts to be assumed, will total about $160m net of tax.

BOC SELLS ALLOYS PLANT

BOC International announces that Airco Inc. has completed the sale of its ferroalloys plant in Charleston, South Carolina, to MaCalloy Inc. for an undisclosed sum. The principal stockholder of MaCalloy is Mr. Norris McFarland, a retired officer of Airco.

Airco previously sold two other alloys plants and plans to sell the remaining alloys operation, which is in Sweden.

Assoc. Leisure £1m hotel acquisition

Associated Leisure has agreed to buy Russ Hill Hotel, a company which owns the three-star 85-bedroom Russ Hill Hotel set in 8 acres at Charlwood near Gatwick Airport and three adjacent houses for £1m.

The properties owned by the company have been professionally valued on an open market basis at £975,000. For the year ended April 26, 1979, Russ Hill Hotel had a turnover of £723,000 and a net trading profit of some £63,000.

This acquisition brings the total number of hotels within the Associated Group to four. Its principal activities are the manufacture, distribution and rental of amusement machines, and the operation of leisure centres, amusement parks, holiday centres and hotels.

DRG EXPANDS

The Dickinson Robinson Group has acquired the 55 per cent balance of shares in the French commercial envelope and personal stationery manufacturer Papeteries de la Couronne of Angouleme, Charente. DRG acquired a 45 per cent interest in the company in 1974.

La Couronne, whose net total assets are in the order of £5m, is a leader in the French stationery industry and employs some 1,100 people.

DRG has paid special attention to export markets for stationery and predicted in the annual report that it would focus on the development of new prospects in Europe and the U.S. in 1979.

Last week DRG announced the purchase of Reed International's stationery operation in South Africa for £3.6m.

BP NUTRITION

BP Nutrition, part of the British Petroleum group, is holding *talks on possible co-operation* with one of Holland's leading animal feed producers, Hendrix Fabrieken.

BP, which also owns the Trouw animal feed company in Holland, said yesterday that the talks were at a very preliminary stage. Hendrix is a family-owned company, which last year made a net profit of Fl 37m (£8.2m) of Fl 1.08bn (£237m).

Hendrix has around 7 per cent of the Dutch animal feed market and also exports processed poultry to West Germany and other countries. The company, which employs just over 2,000 people, earlier held inconclusive merger talks with the Dutch CSM sugar and foodstuffs concern.

DEVELOPMENT FINANCE FOR GREASEATERS

Greaseaters, manufacturer of degreasing equipment for cleaning machine parts in garages and machine shops, has obtained £330,000 of development finance from Kleinwort Benson. As part of the arrangements the bank has acquired 26 per cent of Greaseaters' ordinary capital.

Greaseaters will use the money to finance new production equipment and a sales expansion both in the UK and Europe.

Turnover is currently running at a rate of almost £3m per annum and the company is expanding into Europe, with the assistance of Rhone Poulenc in France, and in Germany and Italy. Greaseaters' machines are also to be manufactured under licence in Australia.

A range of motor trade products is being developed under agency arrangements for sale through Greaseaters own distribution network.

S. HOFFNUNG

The acquisition by **S. Hoffnung and Company** of the capital of the privately owned Earp Woodcock, Beveridge and Co., sawmiller and retail timber and hardware merchant has now been completed.

The total consideration paid or payable is $A2,587,822. Net tangible assets as at June 30, 1978, was $A3,722,948.

NO PROBES

The following mergers are not to be referred to the Monopolies Commission: LCP Holdings/a minority interest in The Whitlock Corporation; Gateway Building Society/Sandy Building Society; and Harrisons and Crosfield/The chrome chemicals business of PPG Industries Inc.

Benjamin Priest profit jumps to record £2.6m

FROM SHARPLY increased turnover of £28.92m against £13.7m, profits before tax of **Benjamin Priest and Sons (Holdings)** doubled to a record £2.62m in the year ended March 30, 1979, compared with £1.3m in the previous 53 weeks.

The figures include a contribution from the recently merged Warne, Wright and Rowland for the four months from November 30 last year.

Profit is after interest of £233,098 against £92,715. Tax takes £534,030 against £242,710 giving earnings per share of 17.67p compared with 18.44p.

The final dividend is 4.62p, lifting the year's total from 5.340824p to 6.094p.

The directors say the results were achieved despite the prolonged disputes that affected the automotive industry in the autumn, widespread disruption to trade in the new year and harsh winter conditions.

With regard to the short-term outlook, a satisfactory start has been made to the year. The group has improved its strength further and is in a better position to pursue opportunities for growth.

● comment

Benjamin Priest has benefited quite significantly from two major acquisitions in the past couple of years so that the apparent doubling of turnover and pre-tax profits in the latest figures flatters the underlying trend considerably. The year's accounts include a four-month contribution from Warne Wright and Rowland, a metal-working company acquired last year. Also included are the activities of Crossland, a panel-pressing operation acquired in February, 1978. Stripping out these, turnover is up by just 16 per cent and pre-tax profits have increased by 19 per cent. The company's performance is reasonably solid when one considers the automotive industry disputes of last autumn (the motor industry is a major customer) and the difficulty in deliveries caused by harsh winter weather. At 81p, up 1p, the p/e is 4.3, while the yield of 11.4 per cent is covered nearly four times—a not unattractive rating.

Today's company meetings

Airflow Streamlines, The Saxon Inn, Silver Street, Northampton, 12. Alpine Soft Drinks, Richmond Way, Chelmsley Wood, Birmingham, 12. Boots, 20, Aldermanbury, EC, 11. Burnett and Hallamshire, Cutlers' Hall, Church Street, Sheffield, 12. Century Oils, Grand Hotel, Trinity Street, Hanley, Stoke-on-Trent, 12. Country and New Town Properties, 6-11, Agar Street, WC, 12. Harrisons and Crosfield, The Baltic Exchange, 14-20, St. Mary Axe, EC, 11.15. International Paint, Henrietta House, 9, Henrietta Place, W, 12. Leigh Interests, 75, Harborne Road, Edgbaston, Birmingham, 12. Thomas Locker, Church Street, Warrington, 11. Normand Electrical, Kensington Palace Hotel, De Vere Gardens, W, 11.45. Northern Securities Trust, 16, Finsbury Circus, EC, 12. Francis Parker, Avisford Park Hotel, Walberton, Arundel, West Sussex, 12. Pauls and Whites, Store Lodge Lane, Ipswich, Suffolk, 12.15. Pension Fund Property Unit Trust, Cafe Royal, 68, Regent Street, W, 12. Stonehill, Churchill Hotel, Portman Square, W, 11.30. Witan Investments, 11, Austin Friars, EC, 11.30.

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MINING NEWS

Gold earnings rise at Union Corporation

BY PAUL CHEESERIGHT

IN QUIET contrast to the recent vigorous movements of the bullion price, gold mines of the Union Corporation and General Mining groups today announce operating results which show generally a steady but not striking increase in profits.

All gained the benefit of a firmer bullion price in the June quarter with average prices ranging between $10 and $25 an ounce more than in the March quarter.

Gold price received

Union Corporation group—	Qtr. to June 30	Qtr. to March 31
Bracken	$265	$242
Grootvlei	$264	$242
Kinross	$268	$241
Leslie	$262	$242
Marievale	$261	$243
St. Helena	$255	$245
Winkelhaak	$260	$242
General Mining group—	**Qtr. to June 30**	**Qtr. to March 31**
Buffels	$258	$239
Stilfontein	$256	$243
West Rand	$256	$241

The Union Corporation mine gaining the least benefit was St. Helena, the *only* one in the group to see profits fall. It also had to meet a slightly higher tax charge.

But St. Helena, in common with other group mines, managed to confine its increases in costs. At Marievale, costs per tonne of ore milled actually declined.

	June qtr. R000	March qtr. R000	Dec. qtr. R000
Bracken	1,898	1,834	‡1,660
Grootvlei	2,604	2,081	1,780
Kinross	4,034	3,847	‡3,672
Leslie	1,245	1,148	937
Marievale	791	638	808
St. Helena	7,845	7,995	‡6,452
Winkelhaak	7,285	6,462	‡6,152

‡ Restated.

Winkelhaak, the major group mine, and Grootvlei, both boosted gold production on the back of higher ore grades and this is reflected in increases in profits above the average. Unisel, the developing mine, has meanwhile holed into the workings of the adjacent President Steyn mine, thus creating a second outlet.

In the General Mining group, the rise in profits at Buffelsfontein was held back by the erratic flow of uranium revenue, which dropped in the June quarter. A reduction in non-mining income contributed to reduced earnings at Stilfontein.

West Rand Consolidated's uranium income rose in the June quarter and is expected to increase again in the current quarter, helping to cut its deficit.

	June qtr. R000	March qtr. R000	Dec. qtr. R000
Buffelsfontein	13,712	12,781	11,785
Stilfontein	4,278	4,751	4,249
W. Rand Cons	*†449	*¶602	‡11,289

† After repayment of State aid. ‡ Restated. * Loss. ¶ After receipt of State aid.

Lower earnings at Johnnies gold mines

NET PROFITS at Randfontein Estates and Western Areas, two gold mines controlled by Johannesburg Consolidated Investment, moved lower in the June quarter, despite the benefits of a higher bullion price and, for Randfontein, increased uranium earnings.

Operating results for the mines, published today, show that Randfontein continues, as anticipated, to suffer from the mining of lower grade gold ore which carries good uranium values. Although uranium production moved up, teething problems at the Cooke Plant have again foiled the bid to reach full design capacity. But a further improvement is expected in the current quarter.

Western Areas increased operating profits despite a small increase in costs, but its net earnings, in comparison with the March quarter, were held back by a near-doubling of taxation payments, an inevitable result of the reducing levels of capital expenditure. But exploration on the Middle Elsburg Reef has met encouraging gold and uranium values.

	June qtr. R000	Mar. qtr R000	Dec. qtr. R000
Randfontein	18,435	20,417	20,530
Western Areas	8,047	8,650	8,319

AMAL. TIN MINES

Amalgamated Tin Mines of Nigeria (Holdings) has now received from Nigeria £228,000 representing the balance of the proceeds arising from the further sale of its holding in Amalgamated Tin Mines of Nigeria Limited. This sale reduced the company's holding in ATMN from 60 per cent to 40 per cent.

The company's sterling cash and short-term deposits held in the UK now amount to £1.45m, a substantial proportion are considered to be surplus to requirements. The Board is consulting its financial advisers, Hill Samuel and Co., on proposals regarding these funds.

Illingworth down to £3.4m after second-half slump

WITH second-half profits slumping from £2.61m to £989,000, Illingworth, Morris and Co. finished the year to March 31, 1979, with the taxable surplus well down at £3.36m, against £4.68m.

At midway, profits were up from £2.07m to £2.37m, but the directors said forward projections indicated that the second-half surplus was unlikely to match that of the first.

They now say the results of the wool and cotton textiles manufacturer reflect the bad winter—with strikes and the impact of the Iranian revolution—and the lack of buoyancy in the home and traditional export markets.

Exceptional efforts are being made to hold markets and to apply resources to develop those parts of the group where expansion is possible, they add.

Turnover was marginally higher at £120.8m, against £119.71m, including homes sales of £56.14m (£57.24m) and direct exports of £50.2m (£47.3m).

After reduced tax of £405,000 (£1.3m), stated earnings per 20p share are lower at 6.83p (9.66p). The net final dividend of 1.15p raises the total to 1.7p (1.434p). Attributable profit came through at £2.82m (£3.25m).

Through a change in the depreciation accounting policy, group reserves have been reduced by £313,000 (£78,000).

● comment

Earnings at Illingworth, Morris are predictably grim and there is little sign of an improvement. The biggest problem is worsted goods, which are only just breaking even and remain unfashionable. Against this poor trading background, the group's gearing of around 90 per cent is worrying. Borrowings have fallen by around £1m to £24m but this has been more than offset by rising charge of £2.85m wipes out nearly half of trading profits. Against this, however, the asset position is strong (and will improve further as no deferred tax will be debited this year) and the share price of 23p gives a well-covered yield of over 10 per cent. The p/e, though, is only 3.3 which adequately reflects the very shaky prospects.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Greenfriar Investment, Jamesons Chocolates, London and Lomond Investment Trust, Parambe Romney Trust, South African Land and Exploration, Southvaal, Vaal Reefs Exploration and Mining, Western Deep Levels.

Finals: Allnatt London Properties, Astra Industrial, Atlantic Assets Trust, Clifford and Snell, Denbyware Distillers, Dowty, Fodens, Great Universal Stores, Haslemere Estates, Hollis Bros. and E.S.A., Negretti and Zambra, St. George's Laundry (Worcester), Scottish Homes Investment, F. H. Tomkins, Trustees Corporation.

FUTURE DATES

Interims—	
Lex Service	July 31
Lovell (Y. J.)	July 25
Prestige	July 26
Woodhouse and Rixson	Aug. 16
Finals—	
A.A.H.	July 23
British Dredging	July 27
Cawoods	July 26
Hillards	Aug. 1
Macarthys Pharmaceutical	July 26
Stanhope General Investment	July 26
Staveley Industries	Aug. 1

Black Arrow up to £0.45m

WITH TURNOVER higher at £7.19m against £5.85m, taxable profits of Black Arrow Group moved ahead from £364,628 to £453,190 for the year ended March 31, 1979, and the directors say the improvement in trading has continued into the current year.

When reporting half-yearly profits up by £31,000 to £171,000, the directors said the second six months should show an improvement over the first period—in the event, second-half surplus was ahead at £282,190 (£224,628).

Turnover for the year was split between, leasing £1.66m (£1.5m), office furniture distribution £3.54m (£2.43m), electrical appliance distribution £1.02m (£1.13m), and electronic component distribution £0.97m (£0.79m).

Available profits increased from £310,228 to £527,458, struck after tax of £64,218 (£54,400) but including an extraordinary credit of £138,486 this time, being the profits of the sale of a subsidiary and a leasehold property.

Net earnings per 50p share rose from 4.7p to 5.89p and a net final dividend of 1.5p (1p) lifts the total payout from 1.6p to 2.2p, costing £145,200 (£105,600).

Shell raises stake in Australian coal

THE AUSTRALIAN arm of the Shell group yesterday became the biggest shareholder in the proposed A$400m (£201m) German Creek coal mine in north Queensland in a further restructuring of shareholdings in the project, reports Roger Johnstone from Sydney.

Shell has paid A$12m to acquire the 25 per cent interest of the London-based Intercontinental Fuels and 23 per cent of the stake (25 per cent) held by the UK Commercial Union Assurance group.

A Shell spokesman has indicated that there would be further restructuring in the consortium before the project is due to come on stream in 1982. Part of this will be seen next year when Shell itself will issue 13 per cent of the mine's equity to the Australian public.

Details are yet to be worked out, but Shell is apparently aiming at retaining a 23 per cent interest in the overall project. Shell has been concentrating on the Australian coal scene recently and already holds a 37 per cent interest in the New South Wales coal miner Austen and Butta.

After the latest restructuring the German Grek consortium will be made up of Shell 48 per cent, Commercial Union 2 per cent, Rurkuble 10 per cent, the UK National Coal Board 10 per cent and Austen and Butta 30 per cent.

Intercontinental Fuels is 20 per cent owned by the NCB and acts as the European agent for Austen and Butta. It is believed it will continue to represent the consortium on the marketing front.

Although no customers have yet been found for the project, which contains 360m tonnes of high-grade coking coal, Shell indicated yesterday that buyers from several countries had expressed interest.

The nearby Oaky Creek coal mine, being developed by Houston Oil and Minerals, last week announced that it had signed its first contract, worth A$180m with Hoogovens Delfstoffen of the Netherlands.

There are three major new projects trying to get under way in Queensland's Bowen Basin—Hall Creek, German Creek and Oaky Creek—and all have found the current depressed world steel industry a stumbling block to signing long-term contracts. Oaky Creek is now the most advanced as draglines are waiting to walk onto the project as soon as shipping agreements are negotiated with the Queensland Government.

LEAD-ZINC FIND IN NORTH BC

Cyprus Anvil Mining and Hudson's Bay Oil and Gas, working as partners in a joint venture, have made a lead-zinc-silver discovery in the north east of British Columbia, reports John Soganich from Toronto.

The find is on properties of about 100 sq km, some 65 km north of Williston Lake. There have been several occurrences of shale-hosted mineralisation and one of the properties, Cirque, has a 5 km discontinuous lead-zinc geochemical anomaly.

Three shallow holes were drilled late in the 1978 field season and four deeper holes were completed on Cirque last month.

Last year's drilling indicated a mineralised zone averaging 7.4 per cent combined lead and zinc with 31 grammes of silver a tonne across 4.4 metres.

The most recent drilling indicated a deposit over a strike length of 400m and down-dip of 200m. The thickness of the mineralisation intersected varies from 25 to 31m and assays lead from 2.2 to 3.6 per cent, zinc from 7.3 to 9.6 per cent and silver at between 41 and 66 grammes a tonne.

Unilock jumps 70% to near £1.4m

A 70 per cent jump in pre-tax profit from £806,000 to £1.37m was achieved by Unilock Holdings, maker and installer of partition systems, in the year to March 31, 1979. Sales by the group, which is unquoted, reached £11.23m, compared with £8.28m.

All areas of business, other than the joint venture in Saudi Arabia, contributed significantly to the results.

Mr. M. H. F. Newman, the chairman, warns that the cutback in central and local government spending will reduce the amount of work available to the industry. A more liberal attitude by the new Government towards office space in the City would affect only the company's more distant future prospects, he says.

A growing contribution is expected from the group's export company, but a stronger pound could make this more difficult to generate.

Overall, however, Mr. Newman is encouraged by the performance of Unilock over the years.

After tax of £725,000 (£405,000) earnings per 10p share were 53 per cent better at 14.2p (9.3p). A net final dividend of 3.6188p lifts the total to 5.39p (4.9p). The company holds close status. Its shares are traded in a market created by M. J. H. Nightingale and Company.

CENTURY OILS

The recent rights issue by Century Oils has been taken up as to 85.3 per cent.

Advance by Oil and Associated

For the year to March 31, 1979, revenue before tax of Oil and Associated Investment Trust improved from £322,253 to £350,260.

Basic earnings per 25p share are 2.42p (2.13p) and diluted 2.38p (2.09p). The final dividend is 1.8375p net lifting the total payment from 2.0955p to 2.42375p at a cost of £232,825 (£196,882).

Tax for the 12 months took £117,325 (£121,852) and the balance carried forward was £56,000 (£55,895).

HTV facing major tasks

HTV Group about to enter an extended IBA programme contract period running from August, 1979 to December, 1981, faced many major tasks, said Mr. Ron Wordley, the managing director.

The company would expand its programme service in Wales and the West to meet new IBA requirements, and would plan its participation in the management of the fourth TV channel in Wales and its contributions to the second ITV network. HTV was preparing to make programmes for two ITV channels, instead of one, by 1982, Mr. Wordley said.

These developments entailed the purchase of land, the design, construction and equipment of studios, the creation of new jobs and an investment of several £m. Some of these tasks were well advanced, he added.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1979

All companies mentioned are incorporated in the Republic of South Africa

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—11,000,000 shares of R1 each.

Operating Results	Quarter ended 30 June 1979	Quarter ended 31 Mar. 1979	Year ended 30 June 1979
Gold			
Mined (Ca)	217,428	185,768	843,300
Ore milled (t)	773,000	782,000	3,150,000
Gold recovered (kg)	6,583·970	6,465·825	26,646·790
Yield (g/t)	8·48	8·27	8·46
Working revenue (R/t milled)	59·77	54·30	53·66
Working costs (R/t milled)	36·74	34·90	34·87
(R/Ca mined)	130·62	139·40	130·26
Income (R/t milled)	23·03	19·40	19·79
Price received on Gold: Sales— (R/kg)	7,038	6,567	6,343
— ($/oz)	256	239	229

The above figures include ore processed by Stilfontein Gold Mining Company Limited.

	30 June 1979	31 Mar. 1979	Year 30 June 1979
Uranium			
Pulp treated (t)	770,000	763,000	3,089,000
Oxide recovered (kg)	157,500	158,600	630,100
Yield (kg/t)	0·205	0·208	0·204
Financial Results (R'000)			
Gold—Working revenue	46,189	42,460	169,014
—Working costs	28,401	27,289	109,845
—Income	17,788	15,171	59,169
Uranium—Income	2,658	13,287	30,238
Sundry Mining Income—Net	105	157	485
Sundry Non-Mining Income—Net	578	766	2,118
Tribute and Royalty Payments—Net	(1,379)	(1,943)	(6,059)
Income before Taxation and State's Share of Income	19,801	27,418	85,949
Taxation and State's Share of Income	6,089	14,637	35,796
Income after Taxation and State's Share of Income	R13,712	R12,781	R50,153
Capital expenditure—Quarter	5,325	5,319	22,013
—Commitments	8,720	8,723	8,720
—Remainder of Year	—	6,074	—
Dividends—Declared	13,200	—	22,000
—Cents per share	120	—	200
Loan levy	(603)	1,596	2,618
Development			
Advanced (m)	16,672	16,294	68,472
Sampled (m)	2,214	1,305	6,372
Channel Width (cm)	117	117	115
Average value—gold (cm.g/t)	1,810	1,677	1,873
—uranium (cm.kg/t)	52·30	57·22	53·22
Payable:			
Metres (m)	1,452	813	4,026
Percentage	65·6	62·3	63·2
Channel Width (cm)	110	107	106
Value: Gold (g/t)	21·18	20·18	20·26
(cm.g/t)	2,319	2,143	2,152
Uranium (kg/t)	0·555	0·627	0·586
(cm.kg/t)	60·79	66·73	62·08

Ore Reserves at 30 June 1979

	Available	Unavailable	Inaccessible	Total Mine
Tons (000's)	5,214	1,753	1,903	8,870
Stope width—cm	144	145	146	145
Value:				
Gold:				
g/t	11·10	11·76	13·06	11·65
cm.g/t	1,600	1,704	1,904	1,685
Uranium:				
kg/t	0·363	0·371	0·356	0·363
cm.kg/t	52·27	53·78	51·91	52·49

Not included in the above reserves are 333,000 tons at a gold value of 12·75 g/t and uranium value of 0·345 kg/t classified as permanent pillars.

Ore reserve pay limit is calculated at an estimated gold price of R7,601/kg ($280/oz) and an estimated realisable value for uranium oxide.

URANIUM

Uranium deliveries have been very erratic during the year which resulted in a decrease in uranium income for the quarter.

STRATHMORE SHAFT SYSTEM

Sinking of the Strathmore shaft system is progressing satisfactorily and has reached a depth of 298 metres below collar.

Cutting of the 27½ level station is progressing.

NOTES:

Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.

All financial figures are subject to audit.

The supply of experienced Black labour on all the mines remains good.

The quarterly reports have been approved and signed on behalf of the respective companies by two directors. Copies are available from:

London Secretaries:

General Mining and Finance Corporation Limited,

Princes House,

95 Gresham Street, London EC2V 7EN.

18th July, 1979.

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital—4,250,000 shares of R1 each. 25,000 deferred shares of R2 each.

Operating results	Quarter ended 30 June 1979	Quarter ended 31 Mar. 1979	6 Months ended 30 June 1979
Gold Section			
Mined (Ca)	38,759	31,829	70,588
Ore Milled (t)	142,500	129,500	272,000
Gold recovered (kg)	495·422	481·694	977·116
Yield (g/t)	3·48	3·72	3·59
Uranium Section			
Mined (Ca)	98,146	91,147	189,293
Ore Milled (t)	294,000	278,500	572,500
Gold Recovered (kg)	138·770	134·190	272·960
Yield (g/t)	0·47	0·48	0·48
Working revenue (R/t milled)	10·07	10·03	10·05
Working costs (R/t milled)	24·03	24·43	24·22
(R/Ca mined)	76·61	81·06	78·71
Income (loss) (R/t milled)	(13·96)	(14·40)	(14·17)
Price received on Gold: Sales (R/kg)	6,932	6,644	6,790
($/oz)	256	241	247
Uranium			
Mined (Ca)	98,146	91,147	189,293
Pulp treated (t)	294,420	278,900	573,320
Oxide recovered (kg)	92,282	87,330	179,612
Yield (kg/t)	0·313	0·313	0·313
Financial Results (R'000)			
Gold—Working revenue	4,396	4,092	8,488
—Working costs	10,488	9,968	20,456
—Income (loss)	(6,092)	(5,876)	(11,968)
Uranium—Income	4,247	3,308	7,555
Sundry Mining Income—Net	5	5	10
Sundry Non-Mining Income—Net	14	82	96
Tribute and Royalty Payments—Net	(191)	(125)	(316)
Income (loss) at Mine	(2,017)	(2,606)	(4,623)
State Aid	1,568	2,104	3,672
Income (loss) before Taxation	(449)	(502)	(951)
Taxation	—	—	—
Income (loss) after Taxation	R(449)	R(502)	R(951)
Capital Expenditure—Quarter	938	812	1,750
—Commitments	2,069	2,205	2,069
—Remainder of year	3,385	3,972	3,385
Dividends—declared—Ordinary	318,750	—	318,750
—Deferred	106,250	—	106,250
—cents per share—Ordinary	7·5	—	7·5
—Deferred	425·0	—	425·0
Loan levy	—	—	—
Development			
Uranium Section			
Advanced (m)	5,767	5,241	11,008
Sampled (m)	2,342	2,375	4,717
Channel Width (cm)	57	62	58
Average value—Uranium (cm.kg/t)	73·17	60·44	66·76
—Gold (cm.g/t)	165	159	162
Payable:			
Metres (m)	1,268	1,083	2,351
Percentage	54·1	45·6	49·8
Channel Width (cm)	69	62	66
Value: Uranium (kg/t)	1·442	1·413	1·429
(cm.kg/t)	98·99	87·94	93·90
Gold (g/t)	2·96	3·40	3·15
(cm.g/t)	203	211	207
Gold Section			
Advanced (m)	1,022	639	1,661
Sampled (m)	128	184	312
Channel Width (cm)	116	118	117
Average Value: Gold (cm.g/t)	1,443	1,479	1,464
Payable:			
Metres (m)	32	87	119
Percentage	24·7	47·2	38·0
Channel Width (cm)	54	120	103
Value—Gold (g/t)	27·96	18·46	19·80
(cm.g/t)	1,515	2,215	2,029

URANIUM

Uranium income increased in line with contractual commitments and is expected to increase substantially during the second half of the year.

LUIPAARDSVLEI AREA

Good progress is being made with the exploitation of the uranium reserves in the Luipaardsvlei area.

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13,082,920 shares of 50 cents each.

Operating results	Quarter ended 30 June 1979	Quarter ended 31 Mar. 1979	6 months ended 30 June 1979
Gold			
Mined (Ca)	157,566	137,753	295,319
Ore milled (t)	515,000	463,000	978,000
Gold recovered (kg)	4,151·000	3,944·643	8,095·643
Yield (g/t)	8·06	8·52	8·28
Working revenue (R/t milled)	56·59	56·95	56·76
Working costs (R/t milled)	37·41	39·16	38·24
(R/Ca mined)	122·27	131·63	126·64
Income (R/t milled)	19·18	17·47	18·52
Price received on Gold Sales (R/kg)	7,020	6,684	6,833
($/oz)	256	243	248

Note: The above figures exclude ore milled for Buffelsfontein Gold Mining Company Limited.

Financial Results (R'000)	30 June 1979	31 Mar. 1979	6 months 30 June 1979
Gold—Working revenue	29,142	26,368	55,510
—Working costs	19,266	18,133	37,399
—Income	9,876	8,235	18,111
Sundry Mining Income—Net	10	19	29
Sundry Non-Mining Income—Net	169	1,732	1,901
Tribute and Royalty Payments—Net	(1,143)	(700)	(1,843)
Income before Taxation and State's Share of Income	8,912	9,286	18,198
Taxation and State's Share of Income	4,634	4,535	9,169
Income after Taxation and State's Share of Income	R4,278	R4,751	R9,029
Capital Expenditure—Quarter	481	231	712
—Commitments	1,245	393	—
—Remainder of year	2,512	3,419	—
Dividends—declared	4,572	—	4,572
—cents per share	35	—	35
Loan levy	146	475	621
Development			
Advanced (m)	8,890	7,978	16,868
Sampled (m)	1,989	1,245	3,234
Channel width (cm)	28	26	27
Average Value—gold (cm.g/t)	1,646	1,838	1,720
—uranium (cm.kg/t)	24·01	24·15	24·06
Payable:			
Metres (m)	1,440	933	2,373
Percentage	72·4	74·9	73·4
Channel width (cm)	27·4	24	25·9
Value—gold (g/t)	75·1	95·7	83·2
(cm.g/t)	2,058	2,269	2,141
—uranium (kg/t)	1·026	1·217	1·101
(cm.kg/t)	28·10	28·64	28·39

Development Summary

For the three months ended 30 June 1979

Total Development Reef	Metres advanced	Metres sampled	Channel width cm.	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal	8,372	1,791	25	72·2	1,783	1·056	26·08
Ventersdorp Contact	194	198	55	7·4	401	0·097	5·28
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
Totals	8,566	1,989	28	59·4	1,646	0·867	24·01

Payable Development Reef	Payable Metres	Percentage payable	Channel width cm.	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Vaal	1,440	80·4	27	75·1	2,058	1·026	28·10
Ventersdorp Contact	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
Totals	1,440	72·4	27	75·1	2,058	1·026	28·10

Ore Reserves at 30 June 1979

	West sub-Incline	Toni Shaft area	Margaret Shaft area	Scott Shaft area	East sub-Vertical Shaft area	Total Mine
Tons (000's)	494	125	606	350	395	1,970
Stope width—cm.	120	120	120	120	120	120
Value:						
Gold:						
g/t	12·28	20·37	12·70	11·46	12·49	12·84
cm.g/t	1,473	2,444	1,523	1,375	1,499	1,538
Uranium:						
kg/t	0·138	0·420	0·200	0·134	0·171	0·181
cm.kg/t	16·50	50·45	24·09	16·20	20·54	21·73

The following tonnages are not included in the above Ore Reserves:

(i) Unavailable ore reserves in shaft pillars, etc: 116,000 tons at a gold value of 12·63 g/t and uranium value of 0·098 kg/t.

(ii) Inaccessible ore reserves requiring opening-up operations: 1,642,000 tons at a gold value of 11·20 g/t and uranium value of 0·162 kg/t.

Ore reserve pay limit is calculated at an estimated gold price of R7,601/kg ($280/oz).

Buffelsfontein Ore

Ore milled for Buffelsfontein Gold Mining Company Limited has not been included in the Stilfontein Results.

PRODUCTION

The increase in tonnage milled is attributable to a higher than anticipated production rate and the processing of sludge from the waste washing plant and surface dump.

ORE RESERVES

An error was made in the calculation of uranium values as published in the December 1978 quarterly report and as reflected in the 1978 annual report. The corrected and updated figures are set out above.

CHEMWES LIMITED

Site construction was completed towards the end of the quarter which is approximately 4 months ahead of schedule. Pre-production commissioning of the plant has since commenced and a limited amount of slime is being fed into the plant.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Celanese leads advance in chemical company profits

BY DAVID LASCELLES IN NEW YORK

CELANESE, the major U.S. chemicals corporation, announced a sharp 88 per cent rise in net income for the second quarter yesterday, bringing it to a record $45m. This is equivalent to $3.03 per share, and compares with $24m or ($1.64) in the same period last year. Sales rose by 22 per cent to $809m.

The biggest gains came, in chemicals, both in the U.S. and foreign markets. Mr. John MaComber, president, said this "outstanding performance" resulted from strong product demand. Per share earnings of the chemicals group rose from 47 cents to $1.69.

Mr. MaComber said that the Board would be recommended to raise the dividend by 5 cents a share to 80 cents.

Sharply better earnings were also announced by Dow Chemical, the third largest chemical company in the U.S. Net income was $215m, up 40 per cent on the same period last year. Per share earnings were up from 84 cents to $1.19, and sales rose 32 per cent to $2.31bn.

Mr. P. Oreffice, president, said that the company had been able to ensure for itself adequate supplies of hydrocarbons and energy, despite the condition of the world market. Fastest growth was in Dow's overseas operations, which accounted for more than 50 per cent of total sales.

Mr. Oreffice commented: "We're prepared for the widely-predicted recession in the second half of 1979, but frankly have seen no evidence that Dow's business is beginning any significant downturn."

Allied Chemical reported a small improvement. Net income rose to $39.2m or $1.37 a share from $35.9m or $1.27 last year. Sales rose from $829m to $1.02bn. Mr. Edward Hennessy, president, said gains resulted from increased sales of North Sea oil at higher prices, and improved performance in agricultural and industrial chemicals and plastics.

Two other leading U.S. chemical companies, Stauffer Chemical and Rohm and Haas, suffered mixed fortunes.

Net income at Stauffer Chemical in the second quarter only just topped the comparable period, with $23.6m or 54 cents a share against $23.24m or 53 cents. Sales rose from $304m to $345.2m.

For six months, Stauffer's net income advanced from $75.76m or $1.73 a share to $84.84m or $1.94 a share, on sales ahead from $733.6m to $843.9m.

Rohm and Haas fared considerably better this time, with net income up from $14.84m or $1.16 a share in the first quarter to $27.22m or $2.11 a share. Sales for the quarter advanced from $247.6m to $426.4m.

Goodrich turns in sharp rise

BY OUR FINANCIAL STAFF

NET EARNINGS of B. F. Goodrich, the U.S. tyre and chemicals group, jumped 41.5 per cent to $24.6m in the second quarter on the back of a strong performance by its chemical products division.

Chemicals sales rose 15.2 per cent to $259.7m, and operating income more than doubled to $23.9m. The picture for tyres and related products was not so good. Sales rose only 4 per cent in the quarter, while operating income tumbled from $26.8m to $18.1m.

The group's overall second quarter performance brought net earnings to a record $50.9m for the six months to June 30.

The profit outlook for the remaining months of 1979 is clouded by a statement by the company that it faces a challenge in matching last year's second-half net earnings figure of $36.9m.

This caution, and the performance of the tyre and related products division in the second quarter, are consistent with the comment by Mr. John D. Ong, Goodrich's president, in December last year, that the company would start to feel the impact of the general slow-down in U.S. economic growth in May, 1979.

NCR Corporation optimistic for full year

BY OUR FINANCIAL STAFF

THE EARNINGS outlook for the cash registers and computers concern NCR Corporation remains favourable for the second half of the year, according to Mr. William S. Anderson, chairman. But he said that net profit is not expected to match the 57 per cent increase reported for the first half, as NCR put up a strong performance in last year's second half.

Mr. Anderson also predicted that the company's sales would exceed $3bn

He added that the company is not experiencing any particular trend towards leases rather than outright purchases of computer equipment, and pointed out that almost half of the company's total revenues already represent rentals, services and supplies rather than sales of equipment.

Anti-trust ruling may help car industry

By Stewart Fleming in New York

A LANDMARK anti-trust decree banning car manufacturers from exchanging technical information has been modified by a Federal Judge in Los Angeles to permit greater co-operation between companies in the industry.

The ruling by Judge Jesse W. Curtis struck down a provision in the anti-trust consent decree forbidding the free exchange of restricted information on pollution control systems, and a requirement that prohibits car manufacturers from issuing certain joint statements to regulatory agencies on the state of industry technology for controlling exhaust emissions.

It is thought that the ruling could be a first step towards encouraging other joint technical programmes in the industry.

The judge based his decision in part on the changing environment since 1969, in particular the fact that agreements between competing car manufacturers have become necessary because of the billions of dollars manufacturers must spend to meet Federal Government fuel economy and pollution control standards.

The judge said that the costs of research on meeting the standards have become so high that a single manufacturer can be unwilling or unable to undertake the research programmes alone.

In addition, the Government itself has been encouraging joint automotive research. Recently, it approved an agreement between General Motors and Chrysler under which the financially-pressed Chrysler will consult GM for engineering advice and buy some prototype emission control and safety systems from GM.

Major car companies have also agreed to support a Government-sponsored programme for co-operation on basic research. One objective of the research is a dramatic improvement in fuel economy.

GRT files for protection

SUNNYVALE — GRT Corporation has filed for protection from its creditors under Chapter 11 of the bankruptcy laws.

The company said that it has reached agreement in principle with the Bank of America NT and SA, its major secured creditor, to provide continued funding.

GRT's subsidiary, GRT of Canada, is not affected by the Chapter 11 filing, and will continue to be operated as a separate entity, GRT said.

The agreement in principle with the bank requires a formal agreement and approval of the bankruptcy court. The company said that it plans to continue as a supplier of custom-manufactured tapes and records from its two plants in Sunnyvale and Nashville.

GRT also said that Mr. Robert D. Jacobs had been appointed president and chief executive officer with immediate effect.

It was announced earlier this month that Mr. Gordon Edwards, who held the offices of president and chief operating officer, had left the company.

Reuter

American Motors stages further strong recovery

BY JOHN WYLES IN NEW YORK

OPERATING efficiencies introduced in the last 12 months have continued to boost earnings at American Motors Corporation, which yesterday reported fiscal third quarter profits more than double those of a year ago.

This profits surge from $6.1m or 20 cents per share to $15.1m or 49 cents per share was achieved despite a slight decline in both passenger car and Jeep utility vehicle sales. The latter is a particularly anxious development for AMC, since its profits recovery of the last two years after two previous years of losses was achieved on the back of booming demand for Jeeps.

The U.S. petrol shortage, however, has halted this growth in demand, and significantly worldwide Jeep sales fell during the last quarter from 50,141 to 49,666 units. Passenger car sales, meanwhile, fell from 62,418 to 62,322 units.

However, the petrol shortage has brought some compensating benefits in the shape of vastly improved sales of AMC's small car, the Spirit. AMC's retail sales during the quarter of 44,133 units were more than double those of the preceding three months.

By concentrating car and Jeep production at just three plants in Canada and the U.S., AMC is now reaping the benefits of considerably improved efficiency and profit margins.

The profit improvement was achieved with a 11.9 per cent improvement in sales from $703m last year to $798m. These latest results bring AMC's nine month earnings to a record for the decade of $73.3m on sales of $2.3bn.

Included in the wholesale car sales total for the quarter were 7,327 Renault small cars, which are now being sold through more than 500 AMC dealers under a marketing agreement concluded earlier this year.

Solid growth at Bankers Trust

BY OUR FINANCIAL STAFF

BANKERS TRUST New York has recorded solid growth, increasing its first half net profit by $16.9m to $55.4m. This represents per share earnings after securities transactions of $4.54 against $2.99. The net figure for the second quarter improved by $8.8m to $28.7m whereas earnings after securities transatcions stood at $2.36 per share against $1.55.

Net profit for Wells Fargo for the first six months reached $61.2m again $52m, with per share earnings at $2.71 against $2.33 after securities transactions. Second quarter profit for the bank holding company amounted to $31.3m against $28.2m, with higher earnings per share at $1.39 against $1.26 after securities transactions.

The Los Angeles-based bank holding company Security Pacific Corporation boosted its first half net profit to $80m from $63.6m, and improved per share earnings to $2.92 against $2.49 after securities transactions. The second quarter net profit was $41m, up from $33.7m, with per share earnings after securities transactions at $1.49 against $1.32.

Net profit for Crocker National Corporation in the first half was $41.7m compared with $31.1m and earnings per share improved to $2.81 from $2.30 after securities transactions were taken into account. The bank holding company's second quarter net increased to $21.2m from $16.3m, and its per share earnings moved ahead to $1.43 from $1.18 after securities transactions.

LTV sees good second quarter

NEW YORK — LTV Corporation expects second quarter results from continuing operations to "compare favourably" with those of the first quarter.

The company earned $26m from continuing operations in the first quarter, which was the first period to reflect the December merger of LTV and Lykes Corporation.

In the second quarter last year, LTV reported earnings from continuing operations of $26.9m.

LTV made its comments at a meeting with analysts here. It expects to report second quarter results at the end of this month.

The company said steel shipments should remain strong through July and August, although there are some signs of a weakening in the market beginning in September.

It expects its aerospace and energy products and service operations to contribute to second quarter results.

Positive results are expected from the meat and food operations of Wilson Foods, which reported an operating loss for the first quarter.

The shipping operations of Lykes Bros. Steamship, however, continue to be disappointing, primarily because of increased fuel costs and the expense of starting up the line's new operations from the West Coast.

The company continues to benefit from the consolidation of facilities, personnel, and raw materials as a result of the merger of Lykes.

It also anticipates benefits from the recent change over to electric furnaces from open hearths for steelmaking at its Pittsburgh works.

Reuter

Midland-Ross ahead of target

CLEVELAND — Midland-Ross Corporation is doing better than it expected a few months ago, and "the outlook is very strong" in all its major markets, according to Mr. Harry J. Bolwell, the chairman

The company has reported a 44 per cent rise to $11.8m in net earnings for the second quarter, with the per share total up from 71 cents to $1.01. At $192.8m, sales showed a rise of 27 per cent.

For the first six months net earnings at $21m are 44 per cent up, with earnings a share at $1.81 against $1.28. Sales have gained 31 per cent to $372.7m.

"We now expect sales and earnings to be up more like 30 per cent for the full year," said Mr. Bolwell. In late March, the expectation had been that earnings were likely to be up by about 20 per cent.

For the whole of 1978 the company earned a record $31m or $2.71 a share on sales of $578.7m.

The projected 1979 profit gain does not include any royalty income from the company's patents on a process to purify iron ore pellets using natural gas. In 1978, royalties from those patents totalled $5.4m amounting after taxes to 30 cents a share.

AP-DJ

RESULTS IN BRIEF

Belden moves ahead in first six months

NEW YORK—Net income of the electric wire cable manufacturer Belden Corporation for the first half of the current financial year advanced from $4.1m or $2.01 a share to $5.9m or $2.86 a share, on sales ahead from $117.9m to $144.7m. The company plans to double its capital expenditure budget this year to some $10m.

Other companies reporting increases in earnings per share for the first half include Diamond International, pulp and packaging, $2.16 against $1.60, Marriott Corporation, food services, 76 cents against 55 cents, Colt Industries, steel, engineering, aerospace and arms, $4.40 against $3, Communications Satellite, worldwide communications, $2.81 against $1.94, and VF Corporation, $1.50 against $1.37.

For the nine months period, Parker Drilling turned in earnings of $2.10 a share compared with $1.98, while the soya processing and feed concern, Central Soya, moved ahead from $1.63 to $1.91. Medical instruments manufacturer Damon Corporation earned 1 cent per share for the period against nil last time.

In the first quarter, the retail company Interco lifted net earnings per share from $1.20 to $1.37, while for the full year Brown-Forman Distillers rose from $2.45 a share to $3.15 and the records and tapes distributor Handleman Company advanced from $1.92 to $2.40.

Agencies

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 18

U.S. DOLLAR STRAIGHTS

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALLEGHENY LUDLUM INDUSTRIES	1979	1978
Second quarter	$	$
Revenue	[illegible]	325.9m
Net profits	23.4m	11.3m
Net per share	2.50	0.92
Six months		
Revenue	776.7m	665.6m
Net profits	42.5m	14.3m
Net per share	[illegible]	0.68

AMERICAN AIRLINES	1979	1978
Second quarter	$	$
Revenue	857.4m	688.2m
Net profits	95.26m	43.91m
Net per share	[illegible]	1.43
Six months		
Revenue	1.53bn	1.28bn
Net profits	88.43m	36.94m
Net per share	2.87	1.06

CHAMPION INTERNATIONAL	1979	1978
Second quarter	$	$
Revenue	967.3m	895.6m
Net profits	75.98m	57.13m
Net per share	1.36	1.03
Six months		
Revenue	1.87bn	1.7bn
Net profits	143.56m	100.39m
Net per share	2.57	1.80

CHESEROUGH-POND'S	1979	1978
Second quarter	$	$
Revenue	261.1m	209.1m
Net profits	17.11m	14.26m
Net per share	0.53	0.44
Six months		
Revenue	533.3m	423.4m
Net profits	36.77m	30.66m
Net per share	1.14	0.95

CIT FINANCIAL	1978	1978
Second quarter	$	$
Net profits	63.06m	21.87m
Net per share	3.03	1.06
Six months		
Net profits	90.01m	38.14m
Net per share	4.33	1.84

CONGOLEUM	1979	1978
Second quarter	$	$
Revenue	161.6m	155.1m
Net profits	14.06m	11.62m
Net per share	1.20	1.00
Six months		
Revenue	306.3m	286.2m
Net profits	24.09m	18.25m
Net per share	[illegible]	1.57

CRANE	1979	1978
Second quarter	$	$
Revenue	431.5m	322.7m
Net profits	16.4m	11.42m
Net per share	1.64	1.11
Six months		
Revenue	745.1m	610.5m
Net profits	24.65m	16.56m
Net per share	2.45	1.60

ETHYL CORPORATION	1979	1978
Second quarter		
Revenue	413.3m	364.0m
Net profits	26.34m	21.34m
Net per share	1.29	1.04
Six months		
Revenue	783.9m	683.7m
Net profits	47.48m	39.02m
Net per share	2.32	1.89

GREAT PORTLAND	1979	1978
Second quarter	$	$
Revenue	71.9m	69.4m
Net profits	10.57m	8.76m
Net per share	1.54	0.99
Six months		
Revenue	119.7m	111.1m
Net profits	10.06m	5.69m
Net per share	1.47	0.83

FRED. S. JAMES	1979	1978
Second quarter	$	$
Revenue	41.0m	35.6m
Net profits	5.47m	4.05m
Net per share	0.70	0.54
Six months		
Revenue	81.1m	70.3m
Net profits	10.58m	9.04m
Net per share	1.29	1.08

JOY MANUFACTURING	1979	1978
Third quarter	$	$
Revenue	191.8m	216.8m
Net profits	9.6m	13.78m
Net per share	0.74	1.04
Nine months		
Revenue	565.7m	524.5m
Net profits	33.81m	25.07m
Net per share	2.60	1.94

KAISER CEMENT	1979	1978
Second quarter	$	$
Revenue	72.4m	62.8m
Net profits	11.66m	8.84m
Net per share	1.69	1.46
Six months		
Revenue	120.5m	101.9m
Net profits	18.48m	13.57m
Net per share	2.66	1.58

KOPPERS	1979	1978
Second quarter	$	$
Revenue	454.6m	402.0m
Net profits	24.9m	21.1m
Net per share	0.95	0.84
Six months		
Revenue	801.8m	680.7m
Net profits	38.9m	24.2m
Net per share	1.10	0.96

ELI LILLY	1979	1978
Second quarter	$	$
Revenue	542.0m	457.0m
Net profits	85.5m	71.7m
Net per share	1.18	0.98
Six months		
Revenue	1.2bn	949.8m
Net profits	188.5m	152.0m
Net per share	2.59	2.08

LONE STAR INDUSTRIES	1979	1978
Second quarter	$	$
Revenue	195.8m	183.7m
Net profits	16.49m	11.7m
Net per share	1.46	1.04
Six months		
Revenue	342.4m	283.0m
Net profits	24.65m	16.33m
Net per share	1.40	0.80

MERCK	1979	1978
Second quarter	$	$
Revenue	599.6m	499.9m
Net profits	103.2m	83.2m
Net per share	1.37	1.10
Six months		
Revenue	1.16bn	955.8m
Net profits	194.0m	157.2m
Net per share	2.57	2.08

NATIONAL GYPSUM	1979	1978
Second quarter	$	$
Revenue	262.6m	240.7m
Net profits	24.2m	17.7m
Net per share	1.47	1.08
Six months		
Revenue	480.0m	422.8m
Net profits	41.8m	27.0m
Net per share	2.54	1.65

NORTHROP	1979	1978
Second quarter	$	$
Revenue	413.1m	453.0m
Net profits	25.6m	21.5m
Net per share	1.79	1.52
Six months		
Revenue	820.4m	887.3m
Net profits	43.1m	40.9m
Net per share	3.45	2.90

PENNWALT	1979	1978
Second quarter	$	$
Revenue	270.2m	243.3m
Net profits	16.55m	13.78m
Net per share	1.66	1.39
Six months		
Revenue	529.4m	462.8m
Net profits	28.56m	24.32m
Net per share	2.66	2.45

PFIZER	1979	1978
Second quarter	$	$
Revenue	677.5m	594.6m
Net profits	56.7m	48.8m
Net per share	0.78	0.65
Six months		
Revenue	1.3bn	1.1bn
Net profits	114.7m	97.9m
Net per share	1.58	1.35

PULLMAN	1979	1978
Second quarter	$	$
Revenue	624.0m	620.6m
Net profits	30.41m	20.06m
Net per share	2.77	1.83
Six months		
Revenue	1.5bn	1.1bn
Net profits	13.4m	23.92m
Net per share	1.22	2.18

SECURITY PACIFIC	1979	1978
Second quarter	$	$
Net profits	41.02m	33.76m
Net per share	1.49	1.32
Six months		
Net profits	80.08m	63.6m
Net per share	2.92	2.49

SMITHKLINE	1979	1978
Second quarter	$	$
Revenue	316.9m	287.8m
Net profits	53.87m	36.37m
Net per share	0.89	0.60
Six months		
Revenue	624.9m	517.8m
Net profits	105.79m	70.47m
Net per share	1.75	1.17

U.S. TRUST, N.Y.	1979	1978
Second quarter	$	$
Net profits	2.64m	2.58m
Net per share	0.88	0.86
Six months		
Net profits	4.79m	4.54m
Net per share	1.58	1.51

Currency swings unsettle Eurobonds

By Francis Ghilès

IN A Eurobond market unsettled by currency fluctuations, prices of dollar-denominated bonds, with the exception of floating rate note issues, were marked down by an average of ½ of a point as the U.S. dollar weakened further against all major currencies. However, investors were not selling bonds in any quantity. Meanwhile, prices of Deutsche Mark bonds rose by a ¼ of a point, while sterling denominated bonds posted gains of between ½-¾ a point.

The new issue for Argentina which had been priced at 98½ instead of the indicated 99 on Monday started trading yesterday. It was quoted at 98½-99¼.

The floating rate note sector remains steady with dealers reporting very little activity. The issue for Genossenschaftliche Bank was quoted at 98¾-99¼ in its first day of trading.

Strong demand for Deutsche Mark denominated bonds, especially domestic issues, continued, with foreign investor interest much in evidence. On Monday the German domestic market absorbed without any apparent difficulty DM 3bn worth of Schuldschein notes for the Federal Government.

The maturity of the paper offered ranges from 10 to 20 years. Usually the maturity range on such paper is from 3 to 12 years. The yield available to the investor is 8.35 per cent on 20-year paper, 8.25 per cent on 15-year paper and 8.02 per cent on 10-year paper.

Not only did the market take this offering in its stride but yesterday the Bundesbank sold DM 190m worth of domestic bonds because of the strength of demand, not least from abroad.

Foreign Deutsche Mark bonds posted gains of up to ¼ of a point on the day with the recent issue for the World Bank touching 100¼.

In the Swiss franc sector Paribas (Suisse) is arranging a SwFr 40m convertible for Denki Kagaku Kogyo. The borrower is paying a coupon of 4¼ per cent for five years.

Meanwhile the SwFr 16m 5¼ per cent 12-year public issue for Manufrance was oversubscribed according to the lead manager Banque Gutzwiller, Kurz, Bungener.

Payment of interest and principal of the bonds are guaranteed on the local taxes of the town of Saint Etienne.

French franc Eurobonds, which have been hit hard in recent weeks as a result of the relentless rise in French domestic interest rates, appear to have found a new level at which they might attract some buying interest. Yields of between 10.80 and 11.75 can be obtained on outstanding French franc Eurobonds with most prices hovering just above the 90 level.

At the same time yields of between 11.20-50 per cent are available on recent prime quality French Government domestic paper. One major difference between the two types of paper is that maturities of Franc Eurobonds range between 5 and 10 years whereas the average maturity of domestic government paper is 15 years.

The recent Norway 9¼ per cent bonds due in 1984 offer the investor a yield of 11.22 per cent while the Renault Finance 9¾ per cent bonds due in 1985 offer 11.52 per cent. If and when domestic interest rates peak, which many French bankers seem to believe will happen before July is out, potential interest should be translated into buying orders.

The new issue market in French franc Eurobonds has meanwhile been effectively closed until September when the committee, which includes Treasury officials and representatives of major French banks and meets regularly to discuss the new issue calendar, will review the situation.

MEDIUM-TERM FINANCING

Czechoslovakia raises $200m Euroloan

By John Evans

THE Czechoslovakian Foreign Trade Bank is raising $200m on the medium-term Eurocurrency markets through a banking group led by First Chicago Ltd.

The 10-year credit will carry a margin of ½ per cent for the first five years, and ⅝ for the remaining five years. The grace period is seven years.

First Chicago is now forming a management group for the credit. This is believed to be the first Czech state Euromarket financing to be arranged by a U.S. bank.

Elsewhere, a U.S. nuclear financing is being arranged on the Euromarkets. UNC Resources Incorporated has tapped the markets for a $40m revolving credit facility which will be guaranteed by the parent company, United Nuclear Corporation.

The three-year credit carries a spread of ⅞ per cent.

It has been managed by Credit Suisse First Boston and Chase Merchant Banking Group.

ELF AQUITAINE DIVERSIFICATION

Major flotation for Paris bourse

BY TERRY DODSWORTH IN PARIS

THE DIVERSIFICATION policy of Elf Aquitaine, the French nationalised oil company, will produce a large, new quoted company on the Paris tSock Exchange before the year is out.

The new company, Sanofi, is the result of only seven years work, but it will emerge as the third largest pharmaceuticals group and the second largest cosmetics company in France. It is not yet clear how much of the Sanofi equity is to be floated, but the company will have a market capitalisation that will place it among the top 20 listings in France.

The main vehicle in Sanofi's growth since it was established in 1973 has been takeovers. It now controls three companies, which will be brought together with the parent in a share exchange deal at the same time as the floatation.

Of these three, Labaz (of which Sanofi holds 78.6 per cent) and Parcor (58.8 per cent) ensure Sanofi's position in pharmaceuticals. Galor (100 per cent) is one of its main vehicles in cosmetics, the other being Yves Rocher, still in private control, and unaffected by the merger or floatations. In addition, the group has small interests in veterinary and other chemical products.

With the re-organisation, the Sanofi management is hoping to give a new thrust to the company's growth, particularly overseas. By merging the different enterprises, there will be the possibility of further economies of scale and rationalisation. At the same time, the group will be able to draw on the financial resources of the Bourse.

Sanofi's growth during the last few years has been remarkable. Consolidated figures show turnover rising from FFr 1.5bn ($341m) in 1976 to FFr 1.9bn in 1977 and FFr 2.5bn last year. In the first half of this year, sales were up by 24 per cent to FFr 1.5bn. Profits, while not reflecting a high rate of return, have also grown rapidly to reach about FFr 90m ($20.5m) last year. The labour force now stands at 10,700.

In order to maintain this velocity of expansion, Sanofi now needs to develop its overseas position. Sales abroad amounted to 38 per cent of the total (FFr 947m) last year, but it believes that the future in both the pharmaceutical and cosmetics sectors lies in becoming even more of an international company. For example, although third in the pharmaceutical rankings in France, after Rhone-Poulenc and Roussel Uclaf, Sanofi has only about 3 per cent of the market.

Thus, the company is aiming to put the main bulk of its investment in the next three years into countries outside France. The larger part of this effort will go into pharmaceuticals, which currently account for about 45 per cent of group turnover. In cosmetics, where it is number two in the home market after l'Oreal, it is relatively well-based outside France.

On the pharmaceutical side, Sanofi argues that it is the breadth of international coverage which brings in the financial returns. This industry remains highly specialised. Indivdual laboratores establish a leadership in the treatment of particular maladies, but have no products in other areas. Thus, they need a wide market spread, in order to pull in the profits essential for developing the next generation of drugs.

The company's current strength abroad lies in the traditional Common Market area. Germany accounts for almost one-quarter of its overseas sales, the Low Countries for 17 per cent, and Italy for 9 per cent. Only 7 per cent of its foreign sales are in North America and 4 per cent in the UK.

It is expected, therefore, that the main thrust of Sanofi's growth will be directed towards the U.S., now the object of attention from many of the larger French companies. Like these other groups, Sanofi has no illusions about the difficulties of breaking into America, particularly in pharmaceuticals, where the official testing and licensing system is severe. But by extending its capital base, the company will be taking the first important step towards this objective.

Approval expected for Pirelli plan

BY RUPERT CORNWELL IN MILAN

PIRELLI, the Italian tyre and cable group, is expecting approval within the next few days from the Industry Ministry for its capital restructuring plan, involving the support of a consortium of major banks.

This will form part of a major recovery programme, centred on a two-stage capital increase by the group's manufacturing arm Industrie Pirelli from the present L78bn to L163bn.

Under the second stage the consortium, to be headed by Mediobanca will put up L40bn. This stake will be repurchased by Pirelli after five years, by which time it is hoped its troubled tyre division will be back in balance.

Details of the operation were given at yesterday's annual meeting here of Pirelli SPA, the holding company by Sig Filiberto Pittini its managing director. He also disclosed that Pirelli lost L30bn ($37m) on its tyre activities in 1978.

Tihs year however tyre sales were up in both volume and value terms over the first six months. Sig. Pittini predicted a significant drop in losses for 1979.

Last year the deficit was largely masked by the proceeds of L26bn from the sale of Pirelli's famous skyscraper headquarters.

Within the next six months the group will carry out the split of its loss-making tyre division (which will be the beneficiary of the injection of new working capital) from its prospering cable and other divisions. Sig. Pittini also confirmed the purchase by Pirelli Cable Corporation of the U.S. of the cable activities of General Cable Corporation for $58m.

In the last week, moreover, the group has won a major share in a $500bn contract awarded to an Italian consortium to improve Libya's telephone network. CEAT, the second-ranking Italian tyre group, and Telettra, a Fiat subsidiary are also involved.

* * *

ITALIAN Treasury Minister Filippo Maria Pandolfi has called upon the Government to finance fresh injections of capital to aid state-owned banks. He said banks in the south of Italy particularly need recapitilisation to help cover costs of the the salvage of the chemical company Societa Italiana Resine (SIR). However, he noted several medium-term state credit institutes, such as Istituto Mobiliare Italiano (IMI), have already increased their capital so such operations have a clear precedent.

The Senate Finance Committee is currently considering a Bill to provide L300bn of new capital in 1979-80 to four state-owned banks in the south. They are Banco di Napoli, Banco di Sicilia, Banco di Sardegna, and Credito Industriale Sardo. Most of the funds would finance the SIR rescue.

In a related development, SIR chairman Nino Rovelli has announced his intentions to endorse the formal establishment of the bank rescue consortium. This removes the major remaining obstacle to the salvage plan, which was approved by the treasury several months ago.

Siemens bid for Arnould opposed

By David White in Paris

PLANS BY Siemens of West Germany to take a half-stake in a French electrical fittings company are being challenged in a bid to impose a "French solútion" which would protect other local interests in the field.

The company involved, Arnould-FAE, is a loss-making subsidiary of the CGE electrical group. CGE reached a preliminary agreement with Siemens in May for the West German group to take 50 per cent of Arnould-FAE's nominal FFr 35.35m ($8.3m) capital, subject to approval by the French authorities. This approval has so far not been forthcoming, while two other French groups — first Merlin-Gerin, part of the Empain-Schneider empire, and more recently Legrand, a leading company in the electrical fittings sector—have mounted counter-bids.

CGE said that decision was expected shortly. Negotiations with Legrand on financial terms were still going on. The Siemens agreement was expected to lead to majority West German control at a later date.

Societe Generale to hold payment

By Our Financial Staff

SOCIETE Generale de Belgique will at least maintain its dividend during the current year, according to an interim statement that otherwise stresses the mixed trading pattern of the first six months of 1979.

Dividends from the share portfolio improved during the half year, says the company which is the largest financial and industrial group in Belgium. But rising interest rates have plainly been adding to the cost of debt servicing.

Last year Societe Generale paid a dividend of BFr 140 a share from net profits which were virtually unchanged at BFr 1.18bn ($39.4m).

MAN forecasts sales upturn

BY OUR FINANCIAL STAFF

WEST GERMAN truck manufacturer, MAN, reports a modest rise in commercial vehicle sales for the year ended June, 1979, and forecasts a further increase during the current 12 months.

The group's truck production is expected to surpass DM 3bn ($1.65bn) this year, Herr Wilfred Lochte, board member, told a Press conference. Turnover in the commercial vehicle sector for 1978-79 was about DM 3bn compared to DM 2.93bn the year before. Domestic sales, not including military contracts, rose by 22 per cent which was enough to compensate for a 15.9 per cent drop in exports and reduced military deliveries.

MAN, which is a subsidiary of GHH, delivered a total of 21,379 commercial vehicles in 1978-79, up 0.5 per cent from the year earlier. The category is subdivided into trucks, with 18,896 units produced to record a 2.5 per cent increase, and buses, with 2,483 units produced to register a 12.3 per cent decline. Exports during the year accounted for 40 per cent of total commercial vehicle production, a fall of 45 per cent from 1977-78. MAN aims in the near term for a 50 per cent export ratio.

The agreement between MAN and Volkswagen for joint development, assembly and distribution of trucks in the six-to-nine metric-ton category has required capital investments by MAN totalling DM 120m.

The partners expect to begin deliveries of a new truck model after the Frankfurt International Auto Show. They hope to deliver 15,000 units to West European customers in the next two to three years to produce a sales turnover of DM 350m to DM 400m.

* * *

THE SUPERVISORY board of Continental Gummi-Werke has approved the company's decision to acquire the European tyre production and sales operations of Uniroyal Inc. of the U.S.

Under the agreement, Conti-Gummi will acquire four Uniroyal tyre factories in Belgium, West Germany, France and the U.K., a tyre cord plant in Luxembourg, and Uniroyal's entire European tyre sales and distribution system in Europe. Both companies will be represented at a Press Conference in Hannover today to announce further details of the deal.

Sharp advance for Austrian oil group

BY PAUL LENDVAI IN VIENNA

OEMV, THE Austrian state oil corporation, is paying a 4 per cent bonus in addition to an unchanged dividend of 12 per cent on its Sch 1.5bn basic capital. Net profit last year was one-third higher than in 1977 and reached Sch 240m ($18m). Turnover last year was up (excluding mineral oil tax) by 10 per cent to Sch 26.7bn and investments totalled Sch 4.5bn against Sch 2.7bn in the previous year.

Announcing details of the report, Mr. Ludwig Bauer, director-general, stressed that what he called "normal supply" with petroleum products was assured for this year, but this does not include the possible effects of hoarding. The company, he said, is keenly interested in increasing gas imports, primarily from the Soviet Union. It is hoped that a new agreement could add 2.5bn cubic metres of natural gas to the annual imports as of 1985, increasing total gas imports from the Soviet Union to 5bn cubic metres per annum. As of 1984, Austria will also receive 2bn cubic metres of natural gas from Algeria.

* * *

AUSTRIA'S LARGEST savings bank, Zentralsparkasse, has decided to change its name to Zentralsparkasse und Kommerzbank Wien. The change of name is regarded as an indication of the more international nature of the institute, and was made possible by the new banking law which came into force earlier this year.

Turning to the 1979 half year result, Dr. Alfons Haiden, deputy director general, revealed that the consolidated balance sheet rose by 11.2 per cent to Sch 84.2bn. Due to the changes in the interest paid on ordinary savings deposits, the share of savings deposits fell from 57 per cent at the end of last year to 52 per cent by the end of June. Since last May-June, however, there is a renewed trend towards increasing savings deposits, Dr. Haiden said.

"In the longer term the changes in the structure of credits and deposits confirm the transformation of the savings bank and house bank of the Vienna municipality into a general bank. Thus between 1970 and June, 1979, the share of the commercial and personal loans rose from 52 per cent to 61 per cent of the total while during the same period the share of the business in the structure of deposits also rose from 36 per cent to 48 per cent.

* * *

BRAU AG, the largest Austrian brewery is maintaing its dividend for last year at 10 per cent. Business operations last year were overshadowed by the problems involved in the takeover of the Brauerei Schwechat by the company. Through the merger, the balance sheet increased by 60 per cent to Sch 2.3bn. Effective December 1978, the basic paid up capital was increased from Sch 297m to Sch 392m. Turnover last year jumped from Sch 1.59bn to Sch 2.46bn. Through the merger the Brau AG increased its market share from 26.1 per cent to 38.4 per cent.

The Austrian brewery industry, however, is concerned about the declining consumption levels. Consumption per capita fell from 103 litres in 1977 to 101 litres last year. Higher labour and energy costs also contributed to industry pressures. Total brewery output in Austria was down by 1.7 per cent and production of Brau AG also showed a decline from 3.2m hectolitres to 3.01m hectolitres during the period.

Steirer Brau, another Austrian brewery with a 30 per cent market share is cutting its dividend by 1 per cent to 9 per cent for 1978. Turnover was down by 1.6 per cent to Sch 1.29bn while output fell by 0.6 per cent to 1.88m hectolitres last year.

* * *

UNIVERSALE, the Austrian building company, has announced an unchanged dividend of 7 per cent and a 4 per cent bonus for last year. On the increased capital of Sch 130m, up by Sch 15m, turnover increased by Sch 282m to Sch 2.85bn. In real terms, however, sales were only up by 6 per cent and earnings were described, by the board in the annual report, as satisfactory. Orders in hand in Austria are equivalent to a whole year's turnover while foreign orders are worth Sch 800m.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	10.7.79	17.7.79	AVERAGE YIELD	10.7.79	17.7.79
DM Bonds	99.88	99.89	DM Bonds	7.336	7.337
HFL Bonds & Notes	95.70	95.72	HFL Bonds & Notes	9.178	9.166
U.S. $ Strt. Bonds	96.45	96.29	U.S. $ Strt. Bonds	9.523	9.553
Can. Dollar Bonds	97.48	97.52	Can. Dollar Bonds	9.995	9.989

Revised ATL unit sale ratified

By John Rogers in Sydney

AN EXTRAORDINARY meeting of the Australian totalisator group, ATL yesterday ratified the sale of the group's U.S. subsidiary for US$ 17m—or US$ 1m more than the original deal, after intervention by the group's biggest shareholder Smorgon Corporation,

Smorgon voted with the Board to sell Autotote to an American consortium operating under the name of Federal Computer Corporation. Agreed terms were US$ 12m in cash and US$ 5m in convertible notes, redeemable in instalments of US$ 500,000 after June 1982. FCC now plans to rename the company Autotote Systems Inc. and to float stock on an over-the-counter basis.

The deal enables the ailing Australian electronics group to repay its borrowings, most of which fall due before the end of the year. Questioned by shareholders yesterday, the Board was adamant that the U.S. sale was the only course open to keep the company from breaching its trust deed.

Japan studies new bank guides on foreign lending

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A SERIES of guidelines for foreign currency lending by Japanese banks has been "suggested as basis for discussion" by the Ministry of Finance, a senior MOF official revealed last night.

The guidelines are not regarded ase binding but they reflect the MOF view that Japanese banks have been "too eager" in increasing the foreign portion of their assets in recent months. Outstanding Japanese bank loans denominated in foreign currencies were worth $25.1bn at the end of June compared with only $7.7bn at the end of 1977.

One of the most important guidelines suggested by the MOF would limit Japanese banks to less than a 25 per cent participation in internationally syndicated loans in which they are not lead managers (while leaving them free to take 30 per cent or more of Japanese-managed loans). A previous informal guideline set 30 per cent as the limit for participation in internationally syndicated loans.

Another area which the MOF is anxious to see regulated more closely is the relationship between long term lending and funding in foreign currencies. A guideline which is currently in force calls on Japanese banks to fund 60 per cent of their long term foreign currency loans with long term borrowing, defining "long term" to mean periods of over one year. The MOF is concerned, however, by the fact that whereas long term loans may extend up to 15 years, the long term foreign currency borrowing by Japanese banks is typically for periods of 15 months. The Ministry proposes to meet this situation by regulating the borrowing-funding basis on a residual maturity basis from now on.

Other ideas reported to be under consideration include setting a relationship between the owned capital of individual banks and their overseas lending and a closer observation of country risk lending limits.

MOF officials discussed the problem of regulating foreign currency lending in two meetings with Japanese banks, one in June with managing directors of the international finance sections of the City banks and subsequently at its regular "second Wednesday" meeting with bank officials. Further talks are due to take place over the next few weeks to decide how the new guidelines should be implemented. The MOF says that it is well aware of the concern of the monetary authorities of other countries about the recent evolution of the Eurodollar market. Its proposed guidelines are designed to ensure that Japanese banks "contribute to the healthy development of the market.

Earnings improve at Rembrandt Group

BY JIM JONES IN JOHANNESBURG

PRELIMINARY RESULTS from the Rembrandt Group indicate a *substantial* second-half earnings improvement, despite the effects of the war for the South African beer market share with South African Breweries.

Though the group—which apart from its tobacco interests, has expansionary plans in the beer and liquor markets—has not announced preliminary turnover figures, consolidated pre-tax income for the year to March 31, 1979, advanced by 17.3 per cent from R102.4m to R120.0m ($142m) after a marginal rise from R33m to R33.8m in the first half.

Tax allowances, associated with the subsidiary Intercontinental Breweries' R16m brewing capacity expansion, meant that the year's tax charge remained virtually unchanged at R17.6m.

At the attributable level, after deducting operating results of former subsidiaries sold during the year, net income improved by 19.8 per cent from R78m to R93.4m.

Despite strong growth in earnings per share, excluding retentions by associates, to 95.1 cents against 83.8 cents, Rembrandt has adopted a conservative attitude towards dividends. The total payout was lifted from 22.5 cents to 25.5 cents.

Rembrandt Controlling Investments, which owns 51 per cent of the underlying Rembrandt Group equity, reported an attributable earnings per share advance from 61.8 cents to 70.2 cents. Its total dividend payout was lifted to 18.7 cents from 16.5 cents.

Dunswart confident

BY OUR JOHANNESBURG CORRESPONDENT

DUNSWART the South African iron and steel producer which is 46.6 per cent owned by the General Mining and Finance Group, has reported a R3.2m (US$3.8m) operating profit for the six months to June 30, 1979, compared with R2.3m in the previous first half, and R5.5m for the whole of 1978.

Mr. Ken Brightman, the managing director, is confident that further growth will take place in the current second half, but much of this projection is based on the growth of local iron and steel demand as export prospects dim in the face of the world economic slowdown. According to Mr. Brightman, exports are likely to absorb at most 12 per cent of total production, compared with about 30 per cent in 1978.

Dunswart's heavy replacement capital expenditure programme is almost complete, with only a further R3m remaining to be spent on pollution control equipment. However, depending on domestic demand, the company's sponge iron plant, which provides some immunity to the present national scrap iron shortage, may well be expanded at a cost of anything up to R25m.

With all divisions now operating at optimum efficiencies, profits on an uptrend and benefits from the recent controlled steel price increase yet to be fully felt, Johannesburg market analysts feel that the company should have little difficulty financing any further capital spending from additional borrowings.

Dunswart borrowed heavily to fund replacement of its outdated facilities, resulting in interest payments absorbing some 40 per cent of operating income.

Short term dividend distributions will be restricted by the need for retaining profit to repay debt. However, first-half earnings per share of 11 cents compared with 2.5 cents in last year's first half and 8.9 cents for the whole of 1978, support the stock market's expectation of 22 cents earnings for the full year—which could signal a resumption of dividends this year after a three-year moratorium.

Diversification moves pay off for Amatil

BY OUR SYDNEY CORRESPONDENT

DIVERSIFICATION into Australia's rural industry has rewarded Amatil, one of Australia's tobacco and soft drink giants, which has achieved an increase in profit of 13.6 per cent, helped by the country's rural boom. The profit growth from A$13.3m to A$15.1m (U.S.$17m) for the half-year to April 30 resulted entirely from better showings from meat, pastoral and snack food operations—as the traditional tobacco, soft drink and packaging activities all contributed lower earnings.

Moreover, directors of BAT Industries' 41 per cent-owned Australian off-shoot, do not expect a similar improvement in the second half, although some growth is expected. Nevertheless, the interim dividend has been raised from 8 cents to 9 cents a share, which is more than twice covered by earnings per share of 23 cents—up from 20 cents.

The result does not include the operations of the Golden Poultry group, which contributed A$673,000 in the previous period, but has since been sold. The result also does not include an extra-ordinary profit of A$1.8m for the sale of certain pastoral lands, which compares with the previous period's extraordinary loss of A$325,000. Sales showed a 15.3 per cent improvement to A$570.6m, while tax increased from A$10.3m to A$12.4m.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. PERSIAN MINIATURES. An Exhibition of seventeen pages from the Houghton Shahnamen. Until 24 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROD GALLERY, 24, St. James's St., S.W.1. 01-839 3871. Paintings by JAN BRUEGHEL THE ELDER, until 20th July. Weekdays 10-6. Sats. 10-1.

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS "A WINTER JOURNEY."

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. RODNEY BURN, R.A. Eightieth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School.

FINE ART SOCIETY, 148, New Bond St., W1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon.-Fri. 10-6.

HAMILTONS, 13, Carlos Place, Nr. Grosvenor Square, W.1. 4 99 9493-4. ONE HUNDRED BRAZILIAN PRIMITIVE AND NATIVE PAINTINGS. Sculptures by BELLA KARAWAEWA PRADO. Sponsored by the Brazilian Embassy. 5 July-31 July.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

LUMLEY CAZALET, 24 Davies St., W.1. 01-499 4058. Akira Kurosaki—Recent woodcuttings. Until 27 July.

MALL GALLERIES, The Mall, S.W.1. Watercolours by George Ainscow. Mon.-Fri. 10-5. Sats. 10-1. Until July 30. Adm. free.

MALL GALLERIES, The Mall, S.W.1. Society of Women Artists 117th Exhibition. Daily (Inc. Suns.) 10-5. Until 1 pm. 25th July. Adm. 20p.

MARLBOROUGH, 6, Albemarle St., W.1. EGON SCHIELE. Exhibition of watercolours and drawings until 31 August. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £10,000. Write now or telephone 01-839 4274-5 for a complimentary copy of our SUMMER CATALOGUE.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings, including Blanchard, Chetlous, Deschamps, Delin, Grosot, Herve, Jacob, Posset, Robin, etc. and fine modern British marine paintings and watercolours.

SABIN GALLERIES, 4 Cork Street, W.1. 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS 1611-1850. Monday-Friday 9.30-5.30.

SANDFORD GALLERY, 1, Mercer Street, Long Acre, W.C.2. 379 6905. Mon.-Sat. 11-6. MIXED SHOW LANDSCAPES TO ABSTRACT Inc. Jet Pickering and Sandra Blow.

WADDINGTON GALLERIES, 34, Cork Street, W.1. 439 1866. PATRICK CAULFIELD — Recent Paintings. 30th June-28th July. Daily 10-5.30. Sats. 10-1.

WADDINGTON GALLERIES, 31, Cork Street, W.1. 439 1866. HENRY MOORE Drawings and Watercolours 1927-59. 3rd July-28th July. Daily 10-5.30. Sats. 10-1.

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EXHIBITIONS

THE WORSHIPFUL COMPANY OF GOLDSMITHS announce "LOOT '79"—everything for sale up to £100 and a new section "Superloot" £500 and over. Exhibition open 10.15-5.00 Mon.-Sat. 9th-28th July 1979. Goldsmith's Hall, Foster Lane, E.C.2. Tube St. Paul's. Admission free.

LEGAL NOTICES

THE COMPANIES ACT, 1948

In the Matter of LENNON & WHITE (SOUTHERN) LIMITED, forwarding and transport agents. Winding-up Order made 2nd April 1979. Date and place of first meetings: Creditors 1st August 1979, at Room 239, Templar House, 81 High Holborn, London WC1V 6LP, at 3.00 o'clock; Contributories on the same day and at the same place at 3.30 o'clock.

L. R. BATES,
Official Receiver and
Provisional Liquidator.

THE COMPANIES ACT, 1948

In the Matter of PARWAY LAND AND INVESTMENTS LIMITED, property investment and development. Winding-up Order made 14th May 1979. Date and place of first meetings: Creditors 2nd August 1979, at Room 239, Templar House, 81 High Holborn, London WC1V 6LP, at 11.00 o'clock; Contributories on the same day and at the same place at 11.30 o'clock.

L. R. BATES,
Official Receiver and
Provisional Liquidator.

IN THE MATTER OF
THE COMPANIES ACT, 1948
and
IN THE MATTER OF
ALLEN & GREAVES LIMITED
(In Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at Room 53 (First Floor), Clifford's Inn, Fetter Lane, E.C.4, in the City of London on WEDNESDAY, the 15th day of AUGUST, 1979 at 10.45 a.m. to be followed at 11.00 a.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 13th day of July, 1979.

R. E. FLOYD, Liquidator.

PUBLIC NOTICES

BOROUGH OF BLACKBURN

£.6m 91 day bills issued 18th July 1979 to 17th October 1979 at 13-25/64ths per cent. Applications totalled £4.8m. No other bills outstanding.

BOROUGH OF IPSWICH

£0.6m Bills issued 17th July due 16th October 1979 at 13 25-64ths%. Applications totalled £5.4m. No other Bills outstanding.

CITY OF BATH

£.275m 91 day bills issued 18th July 1979 to 17th October 1979 at 13-25/64ths per cent. Applications totalled £2.475m. No other bills outstanding.

CITY OF LIVERPOOL BILLS

£8,210,000 Bills due 17 October 1979, dated 18 July, 1979, were tendered for at an average rate of discount of £13.4168 per annum. These Bills were issued to replace a similar amount of Bills repaid on 18 July 1979, and are the only City of Liverpool Bills outstanding.

JOHN HILL,
Treasurer of the City.

HAMPSHIRE COUNTY COUNCIL

£6,000,000 bills issued 18th July 1979 to mature 15th August 1979 at a rate of 13-17/64ths per cent. Total applications were £46m and there are £39m outstanding bills.

LONDON BOROUGH OF REDBRIDGE BILLS

Amounting to £1,000,000 maturing on the 16th October 1979 were issued on the 17th July 1979 at the average discount rate of 13.40625 per cent per annum. Applications totalled £11,000,000. The total amount of Bills in issue is £2,800,000.

G. U. PRICE,
Borough Treasurer.

RENFREW DISTRICT COUNCIL BILLS

£1,500,000 Bills issued 18.7.79 maturing 17.10.79 at 13⁷⁄₁₆% and there are £1,500,000 Bills outstanding.

TAYSIDE REGIONAL COUNCIL

£2,000,000 Bills issued 19.7.79 to mature 18.10.79 at a rate of 13⁷⁄₁₆%. Total applications were £15m and there are £7.5m outstanding Bills.

WALSALL METROPOLITAN BOROUGH BILLS

£5,000,000 Bills issued 18th July, 1979. Due 17th October, 1979, at the rate of 13 25-64%. Applications totalled £48,000,000. These are the only Bills outstanding.

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CURRENCIES, MONEY and GOLD

Dollar weak despite help

A concerted effort by several central banks failed to arrest a general decline in the dollar yesterday, although it finished on or around its best level for the day. This still represented a fairly sharp fall from Tuesday, with confidence further undermined by news of President Carter's Cabinet offering to resign. Intervention by the Bundesbank and the Swiss National Bank helped the dollar recover from its lower levels. Against the D-mark it touched DM 1.7990 before closing at DM 1.8070, compared with Tuesday's close of DM 1.8125. In terms of the Swiss Franc it fell to SwFr 1.6300 from SwFr 1.6330, after a low for the day of SwFr 1.6190. However it failed to pull back against the Japanese yen with the latter probably helped by improved trade figures, and the U.S. currency fell to Y215.60 from Y216.30 previously.

On Bank of England figures, its trade weighted index was down 83.6 from 83.9.

Sterling opened at $2.2860 and dipped to $2.2825 before rising strongly to $2.2955. However, profit taking and central bank intervention saw the rate fall back to $2.2890 around noon. During the afternoon the pound eased further to $2.2740, possibly affected by further measures designed to ease exchange controls, but buying interest developed in New York later in the day and sterling bounced back to close at $2.2770-2.2780, a rise of 65 points from Tuesday.

Sterling's initial improvement was slowly eroded during the afternoon and it finished slightly weaker against some European currencies. This was reflected in its trade weighted index which came back from a level of 72.3, held at noon and in the morning, to finish unchanged from Tuesday at 72.1.

FRANKFURT—The dollar continued to lose ground against the D-mark, and was fixed at DM 1.8031 compared with DM 1.8130. This was despite intervention by the Bundesbank, although this was not sizeable at $20m. Outside the fixing, the Bundesbank was not seen to be lending support on any great scale. Conditions tended to quieten after a very busy start, when the U.S. unit touched DM 1.7990 at one point. The situation was further exacerbated by the Bundesbank's reluctance to intervene heavily in th light of recent trends in German domestic inflation rates.

BRUSSELS—The Belgian franc continued to improve against other EMS currencies and the dollar, but eased against sterling. The D-mark fell to BFr 15.957 from BFr 16.0175 on Tuesday, well below its ceiling level of BFr 16.0740. The franc was also comfortably within its maximum permitted divergence against the ECU. The dollar was weaker in terms of the franc at BFr 28.77 compared with BFr 29.045 previously. High interest rates in Belgium were seen as one of the factors behind the franc's firmer trend.

MILAN—The lira rose sharply against the dollar but lost ground against sterling. The U.S. currency fell to L811.70 against L817.20 on Tuesday while sterling reached an all time high at L1.856.8 compared with L1,845.40.

TOKYO—The dollar fell against the Japanese yen to close at Y215.775 from Y216.80 on Tuesday. After opening at Y216.20, the U.S. unit touched Y216.30 but then eased back during the rest of the day.

THE POUND SPOT AND FORWARD

July 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2740-2.2955	2.2770-2.2780	0.80-0.70c pm	3.24	1.90-1.80 pm	2.67
Canada	2.6495-2.6570	2.6500-2.6510	0.72-0.62c pm	3.03	1.92-1.82 pm	2.82
Nethlnd.	4.51-4.56	4.51-4.52	2⅛-1⅛c pm	4.32	5⅜-4⅜ pm	4.21
Belgium	65.60-66.15	65.60-65.70	12-2c pm	1.28	35-25 pm	1.83
Denmark	11.79-11.89	11.79½-11.80½	1¼-¾ore dis	0.51	2¾-4¾ dis	−1.27
Ireland	1.0895-1.0926	1.0905-1.0915	30-40p dis	−3.85	87-97 dis	−3.37
W. Ger.	4.11-4.14	4.11¾-4.12¾	3¼-2¾pf pm	8.01	8½-7½ pm	7.65
Portugal	109.75-110.96	109.75-110.00	30-90c dis	−5.55	80-180 dis	−4.37
Spain	150.25-151.15	150.25-150.35	100-130c dis	−9.18	270-370 dis	−8.51
Italy	1,848-1,864	1,848½-1,849½	1½-3½ lire dis	−1.82	6-9 dis	−1.62
Norway	11.42-11.52	11.42-11.43	5-3ore pm	4.20	13¼-11¼ pm	4.29
France	9.57-9.64	9.57-9.58	2¾-1¾c pm	2.82	6¼-5¼ pm	2.40
Sweden	9.54½-9.63½	9.55-9.56	2¾-¾ore pm	2.19	5¾-3¾ pm	1.80
Japan	485-495	486-487	4.20-3.90y pm	9.99	10.40-10.10pm	8.42
Austria	30.16-30.35	30.18-30.23	22-12gro pm	6.75	56-45 pm	6.63
Switz.	3.70-3.73	3.70¾-3.71¾	4½-3½c pm	12.93	12½-11½ pm	12.79

Belgian rate is for convertible francs. Financial franc 69.00-69.10c pm. Six-month forward dollar 2.88-2.76c pm: 12-month 4.70-4.60c pm.

THE DOLLAR SPOT AND FORWARD

July 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2740-2.2955	2.2770-2.2780	0.80-0.70c pm	3.95	1.90-1.80 pm	3.25
Ireland†	2.0858-2.0925	2.0850-2.0800	1.30-1.10c pm	6.90	3.30-3.10 pm	6.13
Canada†	85.91-86.12	85.91-85.94	0.07-0.06c pm	0.84	0.09-0.08 pm	0.35
Nethlnd.	1.9800-1.9820	1.9800-1.9820	0.22-0.15c pm	1.12	0.62-0.53 pm	1.16
Belgium	28.72-28.83	28.81-28.83	3-5c dis	−1.67	9-12 dis	−1.46
Denmark	5.1725-5.1800	5.1785-5.1800	1.25-1.75ore dis	−3.48	5.50-6.00dis	−4.44
W. Ger.	1.8015-1.8050	1.8050-1.8060	0.74-0.64pf pm	4.59	2.19-2.09 pm	4.74
Portugal	48.23-48.40	48.30-48.40	35-45c dis	−8.93	90-130 dis	−9.10
Spain	66.00-66.07	66.00-66.03	100-130c dis	−20.90	235-255dis	−14.85
Italy	811.40-812.25	811.40-811.80	3.25-4.00	−5.38	9.50-10.50dis	−4.93
Norway	5.0120-5.0170	5.0160-5.0170	0.50ore pm-par	0.60	1.50-1.00 pm	1.00
France	4.1985-4.2050	4.2025-4.2050	0.20-0.30c dis	−0.71	0.85-1.05dis	−0.90
Sweden	4.1915-4.1950	4.1940-4.1950	0.30-0.50ore dis	−1.14	1.15-1.35dis	−1.19
Japan	213.30-213.90	213.30-213.50	1.20-1.05y pm	6.33	2.85-2.70 pm	5.20
Austria	13.23½-13.25½	13.24½-13.25½	4.00-3.50gro pm	3.40	12.00-10.50pm	3.40
Switz.	1.8215-1.8278	1.8260-1.8270	1.33-1.28c pm	9.63	4.00-3.95 pm	9.78

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

July 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	—	0.616297
U.S. $	9½	1.30562	1.39425
Canadian $	11¼	1.51452	1.61558
Austria Sch.	3¾	17.3876	18.5435
Belgian F.	9	37.9217	40.4715
Danish K.	8	—	—
D mark	5	2.36709	2.52755
Guilder	6	2.60406	2.77985
French Fr.	9½	5.52016	5.89418
Lira	10½	1067.02	1139.10
Yen	4¼	283.058	301.715
Nrwgn. K.	7	6.57641	7.02282
Spanish Pes.	8	86.1970	92.0901
Swedish Kr.	7	5.50019	5.87353
Swiss Fr.	1	2.13469	2.27820

CURRENCY MOVEMENTS

July 18	Bank of England Index	Morgan Guaranty changes %
Sterling	72.1	−33.4
U.S. dollar	83.6	−9.7
Canadian dollar	80.6	−18.0
Austrian schilling	148.1	+19.3
Belgian franc	114.7	+14.0
Danish kroner	114.6	+3.1
Deutsche Mark	152.4	+42.5
Swiss franc	198.8	+82.1
Guilder	123.9	+18.7
French franc	99.3	−7.2
Lira	55.3	−48.9
Yen	133.3	+51.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 18	£	$		£ Note Rates
Argentina Peso	3063-3083	1335-1355	Austria	29.5-30.5
Australia Dollar	2.0140-2.0160	0.8845-0.8860	Belgium	68.75-69.75
Brazil Cruzeiro	58.99-59.99	25.90-26.35	Denmark	11.70-11.85
Finland Markka	8.705-8.715	3.8120-3.8140	France	9.45-9.60
Greek Drachma	82.112-84.075	36.05-36.90	Germany	4.05-4.15
Hong Kong Dollar	11.85-11.87	5.1940-5.1970	Italy	1,820-1,850
Iran Rial	165.55-172.40	72½-75½	Japan	485-495
Kuwait Dinar (KD)	0.625-0.633	0.2745-0.2747	Netherlands	4.45-4.55
Luxembourg Frc.	65.60-65.70	28.81-28.83	Norway	11.30-11.50
Malaysia Dollar	4.8540-4.8640	2.1370-2.1385	Portugal	105-110
New Zealand Dlr.	2.2215-2.2275	0.9755-0.9780	Spain	147-151
Saudi Arab. Riyal	7.59-7.69	3.3425-3.3510	Switzerland	3.65-3.75
Singapore Dollar	4.8520-4.8630	2.1370-2.1385	United States	2.255-2.270
Sth. African Rand	1.92-1.93	0.8430-0.8475	Yugoslavia	42-45

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3760	+2.33	+1.07	±1.53
Danish Krone	7.08592	7.27027	+2.60	+1.35	±1.635
German D-Mark	2.51064	2.53128	+0.80	−0.43	±1.1325
French Franc	5.79831	5.89482	+1.66	+0.41	±1.35
Dutch Guilder	2.72077	2.78249	+2.27	+1.02	±1.5075
Irish Punt	0.662638	0.671544	+1.34	+0.09	±1.665
Italian Lira	1148.15	1139.31	−0.77	−0.77	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.278	4.119	485.5	9.575	3.715	4.516	1841.	2.651	65.65
U.S. Dollar	0.439	1.	1.806	213.6	4.204	1.630	1.982	811.9	1.164	28.85
Deutschemark	0.243	0.553	1.	118.2	2.325	0.902	1.097	449.1	0.644	15.94
Japanese Yen 1,000	2.055	4.681	8.464	1000.	19.68	7.631	9.281	3801.	5.448	134.9
French Franc 10	1.044	2.379	4.300	508.1	10.	3.877	4.715	1931.	2.768	68.55
Swiss Franc	0.269	0.613	1.109	131.0	2.579	1.	1.216	498.0	0.714	17.68
Dutch Guilder	0.221	0.504	0.912	107.2	2.121	0.822	1.	409.5	0.587	14.54
Italian Lira 1,000	0.541	1.232	2.227	263.1	5.178	2.008	2.442	1000.	1.433	35.51
Canadian Dollar	0.377	0.859	1.553	183.5	3.612	1.401	1.703	697.6	1.	24.77
Belgian Franc 100	1.523	3.469	6.272	741.1	14.58	5.655	6.877	2816.	4.037	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.55-10.65 per cent; three months 10.65-10.75 per cent; six months 10.65-10.75 per cent; one year 10.10-10.20 per cent.

July 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	n.a.	10¼-10½	10¼-11¼	8⅞-9⅛	¼-½	4⅛-5⅛	9⅝-9¾	17-20	—	⅛-5¼
7 days' notice	n.a.	10⅜-10⅝	10¼-11¼	8⅞-9⅛	½-¾	5⅛-5¼	9⅝-9¾	14½-17	10⅛-10⅜	3-3½
Month	13⅞-13⅛	10-10¼	10⅝-11	8⅞-9	⅝-¾	5¼-5⅞	10¾-11	14½-16½	10⅞-10⅞	3⅝-4⅛
Three months	13⅞-14⅛	10⅛-10⅜	10⅝-11	9¼-9½	1⅛-1⅞	6⅛-6⅜	11⅛-11¾	15-16	10⅞-10⅞	5¼-5⅝
Six months	13⅞-13⅝	10⅞-10⅞	10⅝-11	9½-9⅞	1⅞-2	6¼-6⅝	11⅛-12⅛	15½-16½	10¼-10⅞	5⅞-5¼
One year	12¾-13	10⅞-10⅞	10¼-10⅝	9⅛-9⅜	2⅛-2⅝	6⅞-7	11⅞-12⅛	14-15	10⅛-10⅜	5¼-5⅝

Long-term Eurodollar: two years 10⅞-10⅛ per cent; three years 10⅛-10⅜ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates unchanged

Belgium's key lending rates were left unchanged at yesterday's weekly Board meeting of the Belgium National Bank. The rise in short-term Treasury certificate rates and four-month bond fund paper earlier in the week had led to some expectation of a further rise in the Discount or Lombard rates. These remain at 9 per cent and 11 per cent respectively however, despite the upward trend in European interest rates over the last few weeks. The authorities made no immediate comment, but money market sources do not rule out further interest rate rises in future weeks. It was pointed out that the central bank may have been encouraged to leave the rates unchanged at present by the improvement of the Belgian franc in the European Monetary System.

Deposit rates for the Belgian franc declined, with one-month money at 12-12¼ per cent, compared with 12¼-12½ per cent; three-month at 12¼-12½ per cent, compared with 12½-12¾ per cent; six-month at 11⅞-11⅞ per cent, compared with 11⅞-12 per cent; and 12-month at 10⅞-10⅞ per cent, against 10⅞-11 per cent.

PARIS — Short-term funds were slightly firmer, with call money rising to 9⅞ per cent from 9½ per cent. One-month money was unchanged at 9⅜-9⅝ per cent, while three-month fell to 10-10⅛ per cent from 10⅛-10⅜ per cent. Six-month was unchanged at 10⅜-10⅝ per cent, and 12-month at 10⅞-11 per cent.

FRANKFURT — Interbank rates were easier, with call money falling to 4.90-5.00 per cent from 5.25-5.40 per cent; one-month to 6.00-6.10 per cent from 6.10-6.20 per cent; three-month to 6.65-6.75 per cent from 6.70-6.80 per cent; six-month to 7.15-7.25 per cent from 7.20-7.30 per cent; and 12-month to 7.35-7.45 per cent from 7.40-7.50 per cent.

AMSTERDAM — Call money declined to 8⅞-9 per cent from 9⅛-9⅜ per cent; one-month to 9⅛-9⅜ per cent from 9⅛-9⅜ per cent; three-month to 9⅝-9⅞ per cent from 9⅞-10 per cent; and six-month to 9⅞-10⅛ per cent from 10⅛-10⅜ per cent.

GOLD

Over $300

Gold broke through the $300 level in the London bullion market yesterday and finished at a record closing level of $301-301¾, a rise of $3¾ an ounce. After opening at $302-302¾, the metal rose to an all time high of $303¾-304¼, just after the morning fixing. During the afternoon however, gold eased a little.

In Paris the 12½ kilo bar was fixed at Fr 43,000 per kilo ($318.51 per ounce) compared with a record Fr 43,300 ($320.56) in the morning and Fr 42,250 ($310.81) on Tuesday afternoon.

	July 18	July 17
Gold Bullion (fine ounce)		
Close	$301-301¾ (£132-132.4)	$297½-298¼ (£131.2-131.6)
Opening	$302-302¾ (£151.7-132.1)	$295½-296¼ (£130.8-131.3)
Morning fixing	$303.85 (£132.570)	$296.50 (£131.241)
Afternoon fixing	$302.150 (£132.145)	$296.30 (£130.586)
Gold Coins, domestically		
Krugerrand	$311-313 (£136¼-137¼)	$307½-309½ (£135¼-136¼)
New Sovereigns	$79-81 (£34¾-35¾)	$78-80 (£34½-35½)
Old Sovereigns	$105½-107½ (£46¼-47¼)	$105-107 (£46¼-47¼)
Gold Coins, internationally		
Krugerrand	$311-313 (£136¼-137¼)	$307½-309½ (£135¼-136¼)
New Sovereigns	$79-81 (£34¾-35¾)	$78-80 (£34½-35½)
Old Sovereigns	$105½-107½ (£46¼-47¼)	$105-107 (£46¼-47¼)
$20 Eagles	$422-425	$423-426
$10 Eagles	$240-244	$239½-242½
$5 Eagles	$173½-177½	$174-178

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a small amount of Treasury bills to the discount houses.

Banks brought forward above target balances, and the market was also helped by a moderate surplus of Government disbursements over revenue payments to the Exchequer. On the other hand there was a small net take up of Treasury bills to finance, and a small rise in the note circulation.

Discount houses paid 13-13¼ per cent for secured call loans in the early part with closing balances taken at 2-5 per cent.

In the interbank market overnight loans opened at 13½-13¾ per cent and ranged between 12-12½ per cent during the morning, before falling sharply in the late afternoon to close at 1 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 18 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-13⅝	—	—	—	5-13½	2-13½	—	—	—
2 days notice	—	—	13⅞-14	—	—	—	—	—	—	—
7 days or.	—	—	—	—	14¼	13¾	12-13¾	—	—	—
7 days notice	—	13¼-13⅞	14-14½	—	14⅛	14⅛	13¾	13⅞-13⅞	14	14⅛
One month	14-13⅞	13⅞-14	13⅞-14	14⅜-14⅞	14⅛	14¼	13⅝-13¾	13⅞-13⅞	13⅞	14¼
Two months	13⅞-13⅞	13⅞-14	—	14⅜	14¼	—	13⅝-13¾	13⅞-13⅞	13⅞-13⅞	14⅛
Three months	13⅞-13¾	13⅞-14	13¾-13⅞	14¼	13⅝	—	—	—	13⅞	14⅛
Six months	13¼-13⅛	13⅛-13⅝	13⅛-13⅝	12⅞-12¾	13⅛	—	—	—	—	—
Nine months	12⅞-12⅝	12⅞-12⅞	—	12⅝-12½	12⅞	—	—	—	—	—
One year	12⅝-12¼	12¼-12⅞	12⅝	12¼-12⅝	—	—	—	—	—	—
Two years	—	—	12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. ♦ Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-12⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13⅞ per cent; four-months trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅞-13⅞ per cent; two-months 13⅞ per cent; three-months 13⅞-13⅞ per cent. Approximate selling rates for one-month bank bills 13⅞ per cent; two-months 13⅞ per cent and three-month 13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3451 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5
Fed Funds	10.5
Treasury Bills (13-week)	9.29
Treasury Bills (26-week)	9.29
GERMANY	
Discount Rate	5
Overnight Rate	4.95
One month	6.05
Three months	6.70
Six months	7.20
FRANCE	
Discount Rate	9.5
Overnight Rate	9.375
One month	9.5875
Three months	10.0625
Six months	10.6875
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.5625
Bills Discount (three-month)	5.375

Resignation offer takes early Wall St. toll

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—22% (26¾%)
Effective $2.2775 6¾% (10¾%)

Stock prices declined sharply in active trading during the morning due to uncertainty about the offers to resign by leading members of President Carter's administration.

The Dow Jones Industrial Average dropped a further 6 points by mid-session and declines led advances five to one on volume of 18m shares.

Closing prices and market reports were not available for this edition.

Analysts said the resignation surprise, which came after the close on Tuesday, undercut a market already weakened by disappointment with President Carter's energy plans and fears of added inflationary pressure from a tax cut held out as an option for next year.

A weak dollar and soaring gold prices added to the market's woes. The broad retreat carried Energy, Transportation, Utility, Auto, Steel, Chemical, Aircraft, Computer and Electronics, Electrical Equipment, Non-Ferrous Metal and Banking shares lower.

Among companies reporting higher second quarter results, Allied Chemical, Dow Chemical, Celanese, Smithkline, Eli Lilly, B. F. Goodrich and American Airlines declined while Congoleum, Lone Star Industries and Chesebrough-Pond's added fractions.

American Stock Exchange prices were sharply lower in moderate trading. The Index retreated 2.90 to 192.56 on turnover of 1.98m shares.

Energy shares were weak. Dynalectron, Dome Petroleum, Houston Oil and Imperial Oil "A" all lost ground in active trading. Active Resorts International "A" lost $1 to $42¼.

Syntex slipped ¾ to $35⅞. It will sell its scientific instrument division to Nicolet Instrument for cash. Saunders Leasing added ⅜ to $11. It will split four-for-three.

Gaming shares were among the most active losers. Volume leader Caesar's World slipped ⅞ to $24⅝, Bally Manufacturing 1¼ to $38⅛ and Ramada Inns ¼ to $10.

Studebaker-Worthington dropped 1¾ to $38⅞. Dresser Industries said it had held talks on buying part or all of Studebaker, but Studebaker said it was holding talks with other possible buyers.

Macmillan eased ⅛ to $17. H. K. Porter wants to raise its 8.4 per cent stake in Macmillan by open market purchases.

Esmark lost ⅛ to $25¼. It was "disappointed" by a reduction in the ratings on two Esmark debt issues by Standard and Poors.

General Motors slipped ⅛ to $55¼. It plans to recall 1.8m cars for front-wheel bearing maintenance.

Canada

Share prices were broadly lower in fairly active trading as the composite index fell almost two points and only the bank index advanced.

Oils turned lower as Gulf Canada fell 1¼ to 53¾, Dome Petroleum 1¼ to 45¼ and Imperial Oil "A" ⅜ to 35⅜.

Utilities slipped as Transcanada Pipe lost ¼ to 22¼, while B.C. Telephone at 17¾, Westcoast Transmission at 14¾ and Bell Canada at 21½ slipped.

Macmillan Bloedel rose ⅛ to 27¾ and Domtar ⅛ to 26¼.

Volume was 191,346 shares compared with 293,205 the day before.

In Toronto, the market turned lower in moderately active trading as the composite index dropped 11.9 to 1,549.0. Losses led gains by more than two to one.

Reflecting a London fix of over C$300 golds continued higher as Dome Mines rose 1⅞ to 46¼, Campbell Red Lake ½ to 23⅞, Dickenson Mines ⅛ to 8⅝ and Camflo Mines ⅛ to 15¼.

Oil issues retreated. Hudson's Bay Oil fell 2 to 70, Gulf Canada 1¼ to 53¾, Numac Oil 1¾ to 35⅞ and Imperial Oil "A" 1 to 35¼. Dome Petroleum, the most active issue on 96,139 shares, lost ⅞ to 45½.

Volume was 1,783,676 shares compared with 2,293,501 in the previous session.

Germany

Share prices were firmer on balance in lively trading.

In Banks, Deutsche and Dresdner rose DM 5.90 and DM 4 respectively. Motors and Chemicals were also stronger.

Conti Gummi was unchanged at DM 55.00. The supervisory board has approved the planned takeover of Uniroyal's European tyre interests.

Dealers reported strong buying by foreign, particularly Japanese investors.

In the Domestic Bond market, public authority issues gained by up to 65 pfennigs in spite of DM 115m nominal of Bundesbank sales.

Mark Foreign Loans firmed.

Paris

The market was steady in quiet trading with worries caused by currency fluctuations and the rise in gold prices offset by the 1.5 per cent rise in May in French industrial production after a 1.5 per cent fall in April.

Banks, insurances, properties, foods and mechanical engineers were mixed, metals firmed, cars, oils and electricals eased and constructions department stores and chemicals were steady.

BIC SA eased FFr 7 to FFr 575 after announcing increased first half 1979 net consolidated turnover, and L'Air Liquide SA firmed FFr 21 to FFr 448 after news it and Spie Batignolles had won a FFr 700m oxygen plant order from South Africa.

In foreign shares, gold mines firmed, oils and Americans eased. Canadians and Germans were steady, and coppers were mixed.

Tokyo

Share prices closed slightly lower in light trading with many dealers awaiting reaction of the New York stock market to the report that President Carter's Cabinet had resigned.

The market average fell 0.36 to close at 6131.30 with the volume at 270m shares.

The Tokyo stock exchange index closed at 4938.70.

Arabia Oil fell 110 to 4,090, Mitsubishi Oil 6 to 336, Toa Nenryo 50 to 1,130 and Showa Oil 7 to 451. Fuji Photo lost 8 to 576, Takeda Pharmaceutical 8 to 422 and Toyota Motor 4 to 846, but Sony and Matsushita Electric recovered to close unchanged at 1,850 and 632 respectively after initial losses.

Shipping lines and trading houses firmed towards the close with Nippon Yusen gaining 7 to 346, Mitsui 7 to 338 and Mitsubishi 9 to 549.

The second market closed slightly higher with volume 8m shares.

Johannesburg

Gold shares were firm in fairly active trading in line with record bullion prices, though select shares eased slightly, dealers said.

There was steady London interest in the financial Rand traded at 91.00 U.S. cents (88.50).

Mining financials were firmer in line with golds. Jobities rose 50 cents to 3,650 and De Beers firmed 5 to 825.

Other metals and minerals were basically firmer and platinum issues were steady.

Collieries were steady to mixed and coppers were steady, while Industrials were steady to firmer in quiet trade.

Australia

Stock prices firmed in all sectors, with rises outnumbering falls.

Kathleen Investments, which gained 35 cents, closed at A$4.50, on takeover rumours. Queensland Mines closed unchanged at A$3.90, Pioneer Concrete eased to close 3 cents lower at A$1.44, while Ampol Petroleum finished 1 cent higher at 66 cents.

Gold stocks rose in line with overseas price movements, and Central Norseman closed A$1 higher at A$34.

In Melbourne, stock prices also firmed, led by Energy and Gold stocks.

Broken Hill Proprietary finished steady at A$9.30, while Humes lost 6 cents to A$1.27. David Jones gained 2 cents to A$1.29.

Hong Kong

Stock prices closed sharply higher in active trading with a weak Hong Kong dollar encouraging greater investor interest in the market and particularly blue chips, dealers said.

The Hang Seng Index closed up 6.29 at 557.83, with H.K. Bank and H.K. Land both up 20 cents to HK$13.00 and HK$7.45 respectively, while H.K. Wharf rose 25 to HK$32.75.

Switzerland

Prices steadied around previous day's levels in light volume, underpinned by continued high market liquidity and selective demand.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Banks Ltd.	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ *Morgan Grenfell*	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid. East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	18 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

FINANCIAL TIMES SURVEY

Thursday July 19, 1979

WORLD NUCLEAR INDUSTRIES

This Survey is published on the 25th anniversary of the creation of the UK Atomic Energy Authority. It appears at a time when the world's leading industrial nations are poised for momentous political decisions on the future progress of nuclear energy.

The survey has been written by David Fishlock, Science Editor.

International co-operation the keynote

AN EXECUTIVE of Ireland's Electricity Supply Board was *making the point recently that* his Board wanted the decision to build his country's first nuclear power station to be seen unambiguously by the public as a Government and not a public utility decision. Other electricity undertakings may not be quite so frank about their intentions of letting the politicians shoulder responsibility for one of their most important business decisions. But the principal customers for nuclear power have come a long way politically in the quarter-century since the British Government launched the world's first nuclear power programme, set up a new agency called the UK Atomic Energy Authority as the repository of Britain's nuclear expertise, and ordered the State-owned electricity supply industry to get on with the job of making nuclear electricity work.

Resentful

In the mid-1950s the electricity *men were resentful of* a political decision to foist upon them an untried and clearly uneconomic new way of generating electricity. They set to work to tackle the problem of poor economies by encouraging a rapid development in size from the 50 MW reactors of the Calder Hall and Chapelcross military types.

The first commercial reactors of the same (Magnox) type were more than twice the size of Calder's reactors; the last more than ten times the size. *How far they succeeded may be judged* from the fact that 20 years after the decision to go nuclear the (then) chairman of the Central Electricity Generating Board dubbed those first-generation nuclear stations the "work-horses" of the world's biggest integrated electricity system. By 1985 Britain expects to have about 11 per cent of its installed electrical capacity as nuclear plant, yet to be generating over 20 per cent of its electricity from nuclear fuel.

The brief history of nuclear power is a story of partnerships, of close co-operation between numerous and diverse interests—scientific, engineering, commercial, political and national. To make a reactor perform at all, a greater diversity of technical skills than was ever needed before by any novel technology has to work in concert. As reactors and their associated fuel services have progressed technologically, the big problems have shifted from the research centre to the political arena. Partnerships have grown far more complex. The multinational corporation which evolved to carry other advancing *technologies—oil, aircraft,* chemicals, pharmaceuticals, etc.—from nation to nation was handicapped here.

Even firmly established multinationals such as U.S. General Electric and Westinghouse found themselves operating under an increasingly restrictive regime, in which governments were *taking the key* decisions. This has inhibited international links for manufacture and production, and left industry *fragmented into* relatively fragile units in relation to the scale of investment and resources required.

The *strong and enduring* nuclear partnerships have tended to be between governments and agencies of government. Increasingly, nations have united to tackle the biggest problems, in unions that range from two nations sharing the output from a nuclear station to the 108 nations which have signed the Non-Proliferation Treaty. A trend has been firmly established of seeing nuclear energy as a truly international technology, crossing national boundaries as freely as airlines or telecommunication services.

Exchanged

Electricity is already exchanged freely between 24 countries in Europe, through no fewer than 130 cables. The agents range from the State-owned utilities of Britain, France, Italy, etc., to the numerous private utilities of West Germany. But the interconnections are established in every case with the backing of governments.

Even nations which themselves keep deferring decisions to install nuclear electricity capacity can take advantage in this way of nuclear power. Denmark, for example, imports nuclear electricity from Sweden. Austria, which voted not to operate its first nuclear station, has numerous electrical ties with surrounding nations such as West Germany, Switzerland and Czechoslovakia—all growing increasingly dependent upon *nuclear electricity* (see accompanying table).

Europe's electricity pool began in the 1950s as a means of conserving energy by selling surplus hydro-electric power across frontiers, so preventing it running to waste when the *reservoirs were full.* By the same token, nations heavily dependent upon hydropower could import thermal power in *times of drought.* Today they trade over 5 per cent of total generating capacity.

The electricity pool has *developed into one which* can exchange up to 55,000 MW—the total generating capacity of the CEGB, the largest system in *Europe.* By *the end of the* 1980s this figure could be as high as 90,000 MW, if all projects and plans currently under discussion are carried out.

By then one of the main justifications for a closely interconnected electrical pool will be nuclear electricity. It will allow many nations to install nuclear electricity in bigger units than they could justify either in terms of national demand forecasts or in terms of the risk to supply of an unscheduled shutdown.

Ireland, for instance, has asked the British Government for a cable across the Irish Sea to back up its plans for its 600 MW nuclear station. If, as seems likely, nuclear power stations in Europe will eventually be clustered into "nuclear parks" of 3,000-5,000 MW or more, to minimise the number of sites needed, and perhaps co-located with fuel services to minimise movements of nuclear fuel, mutual support between national electricity systems will grow rapidly in importance. "Atoms-by-wire" — internationally a limited activity today because nations tend to retain their nuclear electricity, as it is the cheapest they can generate—will in time come to dominate electricity transfers across Europe.

To the east of Europe a novel kind of nuclear collaboration was announced by the nations of Comecon at their 30th anniversary meeting in Moscow at the end of June. The USSR and five of its neighbours have signed a "power pact" pooling their technology, skills and financial resources in order to expand Comecon's nuclear electricity capacity tenfold—to about 150,000 MW—over the next decade. The plan is to instal reactors of Russian design under a multinational industrial programme which will include the clustering of nuclear units and large-scale transfers of power between nations.

Response

Lenin himself taught the Russians the paramount political importance of having control of electricity and its supply. The Comecon plan is a response to two major problems the USSR has faced during the 1970s: an increasing dependence by its neighbours in East Europe on energy resources Russia has been hard-pressed to supply and serious difficulties in manufacturing nuclear reactors, especially the pressurised water reactor (PWR). The USSR even set up a new Ministry for the manufacture of energy systems in an earlier attempt to tackle the second problem.

Under the power pact, Russia will concentrate on the manufacture of the larger sizes of reactor, both PWR (up to 1,000 MW) and pressure-tube (1,000 MW upwards). Czechoslovakia will concentrate on the manufacture of a 440 MW PWR. Other countries will contribute designated technology, skills and finance. Plants will be installed throughout Comecon to a programme—the Poles, for example, are scheduled to start installing their own first 440 MW PWR next year. In addition, there will be large nuclear stations built on Russian soil, the output of which will be shared by several nations. The 3,600 MW Khmelno station to be built in the Ukraine, for example, is being shared with Czechoslovakia, Hungary and Poland, which together are putting up half the cash.

How the Comecon nuclear plan is to be managed and supervised has not been disclosed. *But there can be no* doubting the importance these nations attach to its success, as concerning the only technology *developed to a stage where it* is in a position to bridge part of the widening gulf between supply and demand of oil and gas.

For the nations of the West—long suspicious that part of their troubles with public opposition to nuclear energy is being fomented by finance from the East (West German organisations opposed to nuclear power are said to have resources out of all proportion to the number of votes they win in elections)—there are clear warnings to be heeded. One is that with its Comecon power pact the USSR may have found the key to a truly international nuclear collaboration, of the kind the EEC (through its Euratom nuclear agency) has been struggling with conspicuous lack of success to establish for more than two decades.

GROWING WORLD DEPENDENCE ON NUCLEAR ELECTRICITY

(% nuclear electricity)

	1976	1977	1980
Belgium	21	22.4	—
Sweden	18	21.7	24.5
Switzerland	18	16.8	—
France	—	13.4	26
UK	13	14.0	—
West Germany	—	11.0	—
U.S.	—	12.0	—
Bulgaria	—	—	20

Source: Atomic Industrial Forum (except for UK: Department of Energy estimates).

Another warning for the West, which has deliberately striven to keep its nuclear industry fragmented into national units, is that a successful Comecon collaboration could put it in a very strong position to export reactors competitively, in particular reactors of a size that will interest the developing world.

For the West, which largely *through indecisive political* leadership on nuclear matters during the 1970s has allowed public fears of nuclear elec*tricity to grow to significant* proportions, there can be no organisational panacea until those fears are allayed.

Here, however, much could be done collaboratively. For the issue of nuclear proliferation the big political opportunity will arise early in 1980, when the 50-odd nations which have been participating in the International Nuclear Fuel Cycle Evaluation—the reappraisal of the whole proliferation issue proposed by President Carter at the London Summit two years ago—present their findings.

The outcome of INFCE, the reports of which are already being collated in the U.S., is highly reassuring for those who took key decisions on nuclear technology 25 years ago. Those decisions are firmly vindicated. Fears of the U.S. administration, articulated by President Carter, about reprocessing and the fast breeder reactor have proved unfounded. British and French policy on plutonium and fast reactors has won the day. But the exercise has also alerted some nations to risks from nuclear proliferation they had been inclined to dismiss and for that reason at least must be counted a valuable collaboration.

Safety

Chancellor Schmidt in May, in the aftermath of the reactor accident on Three Mile Island, proposed that the issue of public safety of nuclear plants should be examined in much the same way, by international appraisal of the progress and pitfalls of the past 25 years.

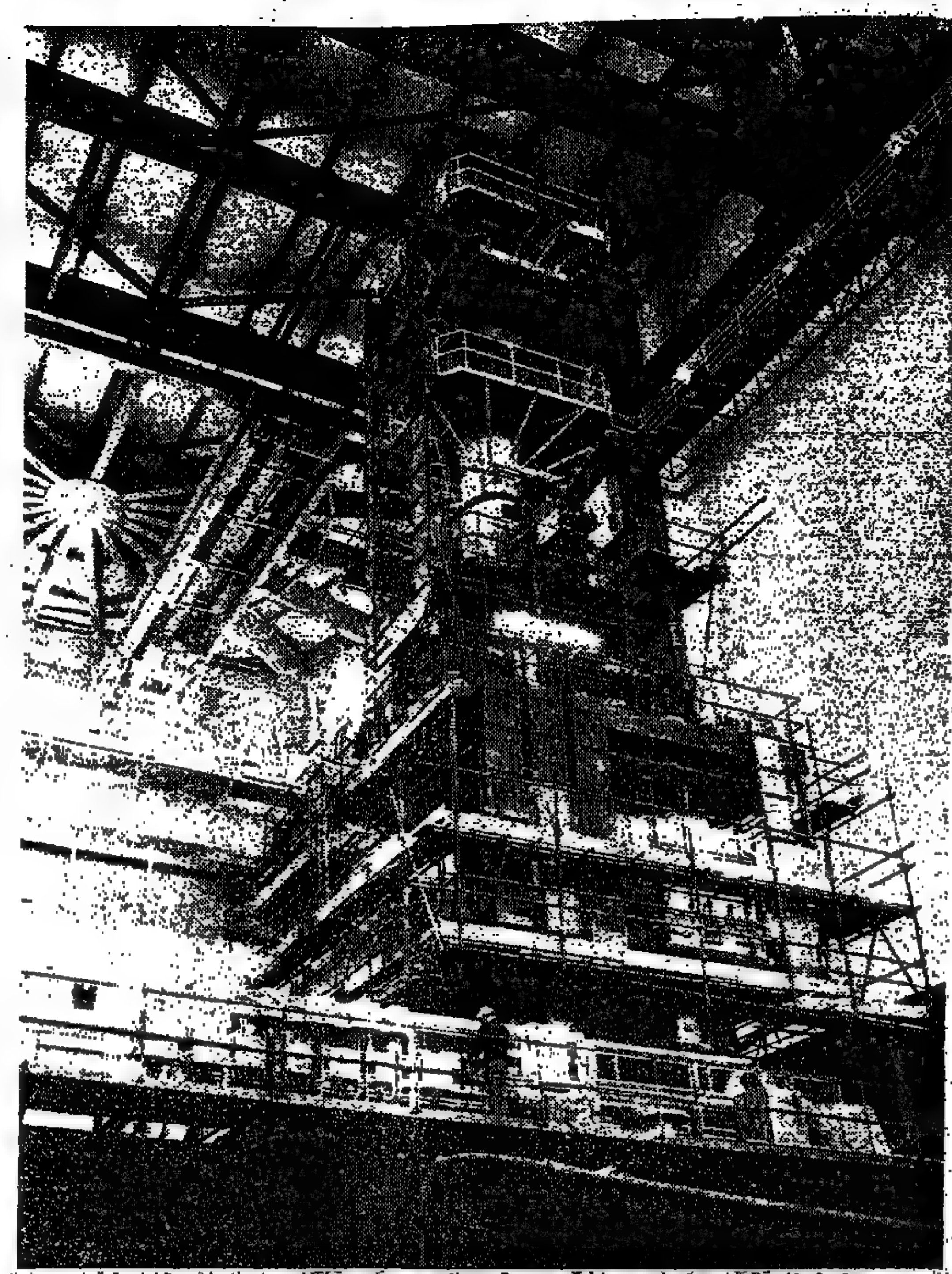
As it has grown clearer how greatly exaggerated was the public perception of danger from this accident, the idea has been dropped. Instead, nuclear governments have just approved a modest increase in the work on reactor safety of the International Atomic Energy Agency.

Designing for the next 25 years

THERE IS no shortage of ideas for replacing the world's resources of liquid and gaseous hydrocarbon fuels with alternative sources of energy. The problems—the real ones at least—are all down to numbers. Whether the idea is for keeping petrol, gas or electricity flowing, the ideas all tend to work out many times too costly, and many times too modest in the energy they might yield, to provide any effective substitution.

The single exception of an energy source available on a scale and with a dependability comparable with current energy sources is nuclear energy. Reactors for the generation of nuclear electricity have been demonstrated on a scale that compares with the biggest fossil-fuel plant. One big nuclear unit can replace 10m barrels of oil a year. Geographically, the fuel is dispersed more widely than oil and is therefore less likely ever to be the subject of international collusion to try to control price and flow — one kind of nuclear collaboration the world can do without.

Technologically, the 200-odd reactors already operating have proved safe by any standard of comparison with fossil-fuelled plants. (Well-publicised events involving the Three Mile Island 2 reactor in Pennsylvania this spring have not changed the safety statistics, for no one got hurt.)



Charge machine for on-load refuelling built by Fairey Engineering, atop a reactor at Dungeness B nuclear station, expected to be commissioned in 1980

Overhauling

In cost their energy is rapidly overhauling the cost of fossil-fuelled electricity even in countries with large indigenous reserves of such fuels. In Britain, for instance, the nuclear stations have been producing electricity at about two-thirds of the price of coal-fired stations, as the accompanying table shows.

GENERATION COSTS
1977-78

	per kWh
Nuclear (Magnox)	0.76
Coal	1.23
Oil	1.42

Source: CEGB (given in Parliamentary answer December 1978)

But the trend in Britain, *partly because of the poor* initial performance of the new advanced gas-cooled reactors, is to *narrow* the gap which has opened between coal and oil and nuclear power. Elsewhere, for reasons dealt with in the next article, this UK trend has not become apparent.

Many—perhaps most—industrialised nations now accept the numbers. Some nations, of which France is the best example, are already demonstrating that big reactors can be built and commissioned to a tight schedule. The French Government has authorised 40 such reactors. It is no self-indulgence—"not a toy we're asking for, but a way of providing people with electricity," says Dr. Michel Pecqueur, the French Government's chief nuclear adviser. "And we have to provide enough electricity to avoid political and economic damage in the future." France, which has been building big nuclear units in six years, expects to cut this to five years for future reactors.

A small developing country which has reached the same conclusion is Romania, which earlier this year signed a contract with Canada to build the first four of a planned 16 reactors by the year 2000.

Canada itself has been single-minded in pursuit of its own reactor, the Candu, of which it has 5,400 MW on-load and nearly 10,000 MW under construction. This spring Atomic Energy of Canada (AECL), Candu's designer, negotiated the West's second nuclear sale to East Europe when it secured from Romania the order for four 600 MW Candu reactors in a $1bn deal — the biggest joint financing package ever put together for Canadian export, claims Mr. Jim Donnelly, AECL's president and chief executive. He believes the chances are good that Romania will remain with Candu for its entire programme, albeit building an increasing proportion of plant itself with each new tranche ordered.

Many governments, among them those of all the world's economic pace-setters, are steeling themselves for a firm declaration of faith in nuclear energy and its role in shouldering an increasing proportion of the growth and replacement market for generating plant. Provided the development of technologies for converting coal to liquid and gaseous hydrocarbons are also pursued energetically — today they are roughly where nuclear engineering stood 25 years ago—they will be absorbing all, and much more, of the coal displaced by nuclear energy.

Britain is one of the nations which will pioneer this massive shift in the market for coal, provided decisions in both industries *are taken soon* and taken with enough determination. Politically, one of those decisions must be that nuclear plant construction is going to be established on a steady if fairly modest basis—perhaps just one new 1,200 MW unit a year during the 1980s compared with four or five a year in France. This will provide the manufacturing base from which a more rapid expansion can take place in the 1990s and thereafter.

From the expertise assembled 25 years ago when the UK Atomic Energy Authority was created has come a new industry of a size and diversity that is still impressive by any international standard. The UKAEA itself has produced two large subsidiaries—British Nuclear Fuels (BNFL) providing nuclear fuel services worldwide to a value of nearly £300m last year; and the Radiochemical Centre, selling radioisotope products worldwide to a value of nearly £40m last year.

They demonstrate that the UK AEA was never an "ivory tower" of boffins divorced from the problems of manufacturing industry. In 1975, four years after the British Government set up BNFL, France virtually copied the pattern in creating Cogema, its state-owned nuclear fuels group.

But the acid test of commercial acceptance has still to be applied to the two British companies. This must be their popularity with the stock market if the Government should ever activate the clause in the Act which set the two companies up, so permitting the sale of up to 49 per cent of the shares of each.

Attractive

In this regard the more attractive prospect — for the British pharmaceutical groups especially—would seem to be the Radiochemical Centre, nearing the end of a £15m capital investment near Cardiff which will double its manufacturing capacity. BNFL, on the other hand, will forever be under much tighter surveillance from Government because of its close association with production activities for nuclear weapons. Moreover, companies which once might have welcomed the opportunity to share the risks of BNFL's £2.5bn capital investment prgramme for the 1980s—notably Shell UK and Rio Tinto-Zinc—may have been discouraged by expensive excursions into other nuclear ventures during the 1970s, such as Royal Dutch Shell's loss of £200m in its partnership with Gulf Oil.

Where the UKAEA has been less successful in translating its expertise in research, development and project management into latter-day industrial achievement is in the matter of reactor design. It is the biggest shareholder (35 per cent) *in the National Nuclear* Corporation, the Government's "chosen instrument" for civil reactor design and construction.

But the fact remains that neither Britain nor anyone else has demonstrated the gas-cooled type of reactor performing well at an output much greater than about 400 MW. This is regarded as less than the minimum economic size of the alternative water-cooled reactors, some of which are operating satisfactorily — in West Germany especially—at three times that output.

Britain, with a commitment to some 14,000 MW of gas-cooled reactor capacity, certainly cannot abandon the system. It has many intrinsic merits to offset the facts that it is much bulkier than some rival reactor systems—gas is a "thinner" coolant than water or sodium—and requires much highly skilled work on site which can better be done under the more tightly controllable conditions of the factory.

What the Government may not yet have grasped, however, is that two decades of struggling with an intrinsically difficult engineering system is reducing the nuclear manufacturing industry in Britain almost to the status of a craft industry. This in turn is raising capital costs astronomically, in spite of relatively low wage levels in Britain.

There are those who sincerely believe that the gas-cooled reactor alone, at the low rates of ordering Britain will require of new reactors during the 1980s, has no hope of reversing these trends.

Partnerships in technology

IN ORDER to rebuild its nuclear reactor construction industry it seems increasingly likely that Britain will need to embark on a partnership with another nation, much as other countries—France and Japan with the U.S., Brazil with West Germany, the USSR with its Comecon partners, Romania with Canada—have already done. The costs and the risks of "splendid isolation" in the reactor manufacturing business are evidently too high for Britain. Unfortunately, the technical problems and costs of the gas-cooled type of reactor that Britain has favoured have already discouraged many of its leading proponents in the U.S., France and West Germany, leaving Britain with no prospect at present of a partnership to pursue this system. In the distant future this situation could well change, with a rehabilitation of gas-cooled technology leading to gas-cooled fast breeder reactors.

But prospects of partnership are still wide open in respect of the various water-cooled reactors and the sodium-cooled fast breeder reactor. British Government policy at present is that the electricity supply industry should explore the possibilities for collaboration to build a demonstration pressurised water reactor (PWR) in Britain, under licence from an international reactor vendor. The Government still awaits the industry's advice, although this is shortly to be tendered.

The advice will be that Britain should collaborate with Westinghouse Electric. The industry believes that the PWR is too attractive in too many respects for Britain to ignore in favour of its own vastly more labour-intensive advanced gas-cooled reactor (AGR). It believes it may need the option of a reactor it can commission more quickly—the French are building them in six years at the rate of 5,000 MW a year—if electricity growth is strong again in the 1990s.

The industry believes that Westinghouse has a reactor which, given some modification, will be acceptable to the Nuclear Installations Inspectorate, watchdogs of public safety. It also believes that Westinghouse will provide the kind of assistance — in technology transfer—the British reactor design and manufacturing *industry urgently needs to* advance its performance from the craft industry towards which it has been slipping, towards production technology with standards of manufacturing control and quality assurance comparable with the aircraft or "microchip" industries.

Three other nuclear vendors have been considered as PWR partners over the last 18 months. One is American Babcock and Wilcox, designers of the hapless reactor on Three Mile Island (though that particular design would have been totally unacceptable to British nuclear licensing requirements). Another is Kraftwerk Union, the *Siemens* subsidiary, whose reactors appear to have the highest performance of any design of power reactors in the world. The third is Combustion Engineering, the U.S. group which late last year announced a new international reactor venture based in Britain, in partnership with Rolls-Royce and Northern Engineering Industries.

Consortium

This consortium, RNC (Nuclear), currently based at the London headquarters of Rolls-Royce, made no secret of the fact that it saw the British demonstration PWR as the *sine qua non* of a successful debut outside of the U.S. for CE's System 80 reactor. This is the reactor which has claimed most orders from U.S. utilities in the 1,200-1,300MW range of output. But CE had not sold one overseas. It has told the British Government that it is willing in principle to place substantial business in Britain for plant associated with its U.S. reactor contracts if Britain would choose System 80 for its demonstration PWR plant.

The gambit appears to have failed. In fact, it would have been rather surprising if it had been able to muster a case sufficiently strong to overturn a licence that the Government *authorised the National Nuclear* Corporation to negotiate with Westinghouse back in 1975. One Rolls-Royce executive admits that he has been shocked by some of the high prices quoted *by British companies for components* for the U.S. stations.

Still unresolved by any decision on technology transfers, however, is the way the British nuclear design and construction should be organised in Britain. The present two-tier structure of the National Nuclear Corporation with a third layer of supervisory management, arrived at in 1974, has not been a success and seems to satisfy no one. There is a consensus that a more conventional company management structure must be tried. The principal hurdle in reorganising the company seems to lie in precisely defining its role in relation to the electricity supply industry. This industry *is not even agreed within itself* whether it wants the company to be simply a sub-contractor, or to provide a system engineering job on the nuclear steam supply system, or to undertake turnkey projects for complete nuclear stations.

Beyond this uncertainty over its role lie serious differences of view on which sectors of industry should exert the dominant influence over the nuclear company. There are those who argue that so vital to success in this industry is a high level of technology that the dominant influence must be the heavy electrical industry (GEC) or alternatively the UK Atomic Energy Authority. There are those who argue that the mechanical engineering groups Babcock and Wilcox and Northern Engineering Industries have wider experience of big-project management and construction sites. And there are those who argue that, whatever decisions manufacturing industry reaches, the company will always be dominated by the Central Electricity Generating Board.

At the fringe of the debate on reorganisation stand two state-owned companies, Rolls-Royce and Fairey Engineering, with considerable experience of nuclear reactors and the high technology end of the business. No role, however, has yet been found for either group.

Fairey, in the view of Lord Gregson, chief executive of the engineering side, can claim a good record in site management and the organisation of its *nuclear contracts, most of which* are directly concerned with the reactor. Rolls-Royce is the lead company in a consortium, Rolls-Royce and Associates, building PWRs for the Royal Navy at the steady rate of one per year.

Rolls-Royce provides the Navy with a unique "cradle-to-grave" service in respect of these reactors, backed up by a large research and development effort at Derby. Recently it has put up a scheme for harnessing its experience in the development, design and project management of small PWRs to the manufacture of barge-mounted nuclear powerplants in the range 200-500 MW. The idea is that such plants would be *made under tightly controlled* production-line conditions, then towed to a convenient creek and concreted into the landscape. The company claims, moreover, that the costs of power from such plants would be no higher than the latest estimates for the twin 660MW AGRs the CEGB plans to build at Heysham.

Another related international partnership in reactor manufacture, eventually involving the same group of companies, will be required to make a commercial success of Britain's fast-breeder type of reactor. In the mid-1970s the Government abandoned negotiations, then at an advanced stage, for a partnership with France, at a time when the two development programmes were running neck-and-neck. Since then the French have drawn well ahead through their Superphenix project for a 1,200MW demonstration fast reactor.

Recently the possibility of a partnership has reopened, albeit on a more intricate basis than might once have been the case. Britain and France are talking again about the possibility of not one but two partnerships, one for reactors and one for the fast reactor fuel cycle—in which Britain is probably still ahead. The next step will be for the British Government to decide whether, this time, it wants the partnerships to be pursued.

WORLD'S LEADING NUCLEAR NATIONS

Country	MWe* Installed Y/E 1978	MWe* On order Y/E 1978	Major reactor vendors
U.S.	52,600	137,000	Babcock & Wilcox Combustion Engineering General Electric Westinghouse
Japan	11,200	7,000	Hitachi Mitsubishi Heavy Industries Toshiba
W. Germany	9,000	18,000	Babcock Brown Boveri Reaktorbau Kraftwerk Union
France	8,300	36,000	Framatome
Britain	8,000	6,000	Nuclear Power Company
Sweden	5,400	4,000	ASEA-Atom Westinghouse
Canada	5,400	10,000	Atomic Energy of Canada
Spain	2,000	12,000	General Electric Krafwerk Union Westinghouse
USSR	8,500	12,500	Ministry of Energy Manufacture

* MWe: Megawatts of electricity

Uranium supply and demand

ANYONE IN Britain who may need reminding that uranium has become a highly political raw material need think no further than the petitioning of Parliament this month by Orkney Islanders, in an attempt to prevent any exploitation of Britain's only significant known source of the fuel. Uranium is a mineral with one use only, for all practical purposes. Likewise, for all practical purposes, there is no substitute for uranium fuel. Thus uranium suppliers and their customers, the electricity utilities, are totally dependent upon one another. Given the high capital cost of nuclear reactors, the utilities need to be assured that their suppliers can meet an increasing demand for uranium as nuclear fuel supplants oil in electricity generation.

The Uranium Institute was founded in London in 1975, initially as an association of uranium producers seeking better market intelligence on the growth in the demand for their commodity. Quickly it became clear that it could be credible as a "think-tank" studying questions of supply and demand only if it represented users as well as customers on an equal basis. Full membership was opened not only to the electricity supply industry but to companies specialising in specific sectors of the nuclear fuel cycle.

Today its membership totals 40, representing 18 countries, and it embraces 10 of the major electricity companies of Britain, France, West Germany, Italy, Belgium, Sweden and Japan. Its chairmanship alternates between suppliers and customers—currently it is Mr. Reg Worrol, from South Africa's uranium industry. The Comecon countries are not represented. Nor—except for one utility—is the U.S., the world's biggest supplier and user of uranium. This absence is a legacy of the barrage of anti-trust litigation which greeted the birth of the Institute.

Not only anti-trust action but also a wave of public concern about proliferation of nuclear weapons confounded the Institute's early years. It soon became clear, says Mr. Terry Price, secretary-general, that study of the prevailing market environment for nuclear energy must take precedence over questions about supply and demand. For this reason it picked up the central question of supply and demand again only last year. Its first major report is shortly to be published.

The gist of this report is that the suppliers should have no difficulty in fulfilling the market for nuclear fuel for the next decade. Now the Institute is looking beyond 1990—"terribly difficult until we find a methodology," admits Mr. Price.

Proposal

For the past year the Institute has also been examining a proposal which has received President Carter's blessing, for an international uranium fuel bank to safeguard the world's electricity industries against unilateral shifts in government policy on the part of supplier nations which might turn off supplies. The U.S. Government has proposed that such a fuel bank would give extra security of supply to countries which complied with an international consensus on preventing the proliferation of nuclear weapons.

The Institute's committee on international trade takes the view that such a fuel bank would add to the cost of nuclear fuel, and anyway is not really necessary since stockpiles could serve the same purpose. Two kinds of uranium stockpile have been proposed. Every utility with nuclear reactors intends to hold stocks. As matters stand, it is almost impossible to transfer these stocks from nation to nation to meet short-term fluctuations in supply and demand—as electricity itself is exchanged—because of the terms of the supply agreements.

Even within the EEC, Euratom has not easily been able to negotiate the "swapping" of uranium stocks between member nations. But the Institute points out that if governments relaxed some of the more restrictive terms over *transfers, these stockpiles* could fulfil part of the economic purpose of an international nuclear fuel bank.

Some governments with nuclear programmes also have their own national stockpiles. Sometimes this stockpile has proved useful to a local uranium producer, allowing him to fulfil a delivery when he was faced with difficulties. This, says the Institute's report, is "an efficient way of ensuring security of supply against commercial risks. More transactions of this kind would be useful." Moreover, it believes the uranium-exporting countries could do more to cross-guarantee one another, under *bilateral agreements* between governments, to enable any of them to provide a back-up guarantee to a consuming country.

The Institute's third proposal is that the need for front-end cash by countries planning to embark on a nuclear programme could also be used to guarantee compliance with any consensus on non-proliferation.

It suggests that an international guarantee fund, preferably managed by the International Monetary Fund, should be made available to utilities via their governments in developing countries in need of cash. This fund would allow them access to uranium under "swap" agreements, and to enrichment and reprocessing services. Its conclusion is that such a fund would be "more effective and less costly than any fuel bank."

A collaboration of the kind represented by the Uranium Institute — essentially a trade association, albeit one which embodies the customers for its commodity—is still constrained, legally in what it can do. For example, it can never be very precise in its conclusions about trends in uranium prices. Nevertheless, says Mr. Price, it turns out that a lot can be said of value, not just on uranium but on the whole of the nuclear *fuel cycle.*

The JET path to fusion power

AT CULHAM, near Oxford, the world's most ambitious joint venture in energy research was formally launched this spring. This is JET, the Joint European Torus, an experiment in which 11 European nations—the nine EEC countries along with Sweden and Switzerland—are participating in the search for data on which to base the design of a thermonuclear reactor.

According to Professor Jean Teillac, the chairman of the JET Council which supervises the project, the first discussion of a large combined European fusion project was in 1971, soon after the promise of the Russian Tokamak approach had become apparent. The physicists were calculating that bigger, more powerful Tokamaks should be able to maintain conditions relevant to a reactor—that is, to a machine with a net yield of energy. The question was how to finance experiments which, on the one hand, promised boundless energy, yet which clearly would be costly and difficult to carry out.

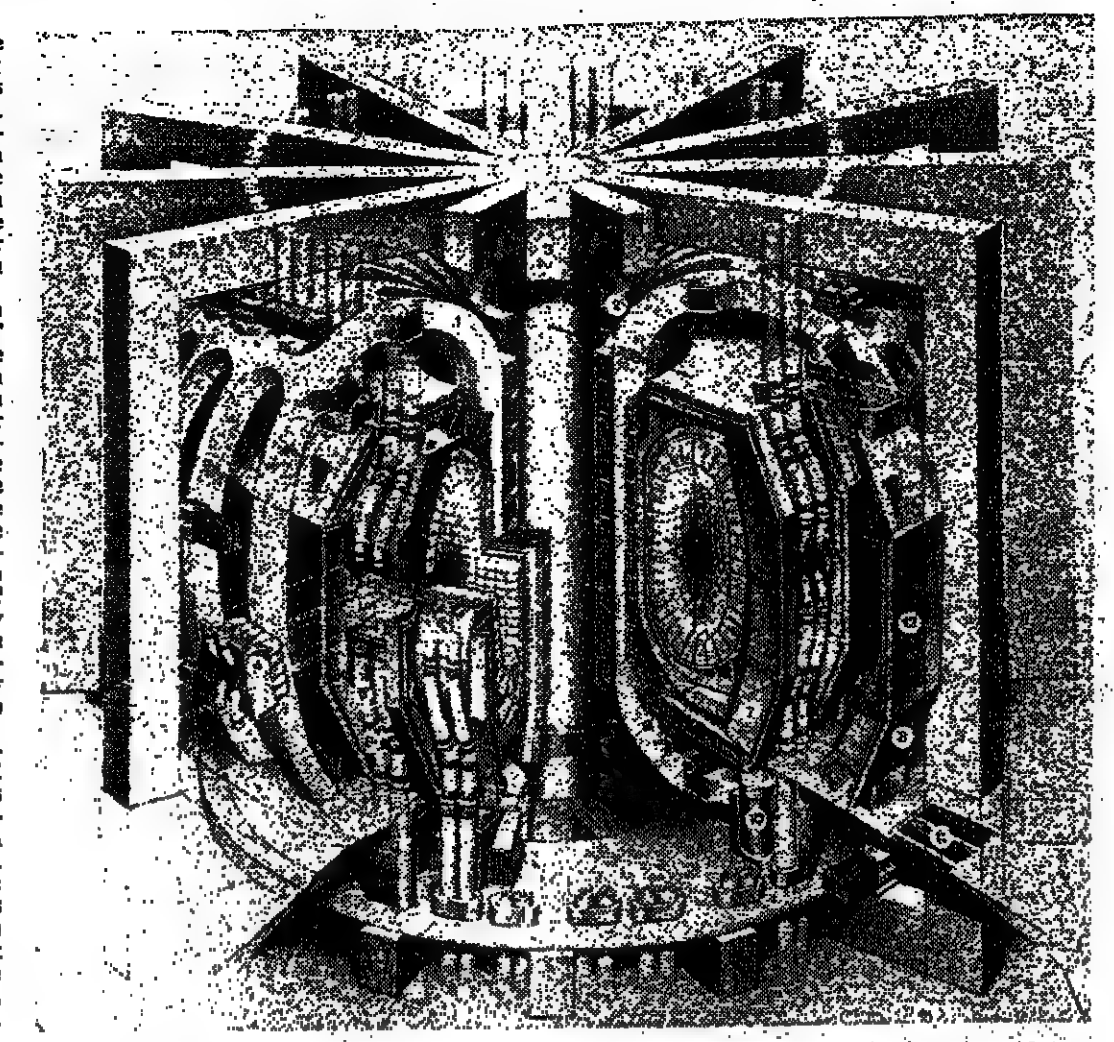
A working group was established, representing the several national fusion research centres of Europe, to assess the technical implications. The EEC and the national centres then agreed late in 1973 to set up a design team, comprising scientists seconded from their own laboratories. They assembled at the Culham Laboratory of the UK Atomic Energy Authority, under a Frenchman, Dr. Paul Rebut.

Two years later, and with the help of more than 200 research contracts placed with the national centres and European industrial companies, Dr. Rebut's team submitted a design proposal for JET. JET is essentially a giant electromagnet, fashioned in the shape of a torus or ring doughnut, 20 feet across. It is designed to act as a "bottle" for electrified gas at extremely high temperatures and pressures. This writhing mass of gas—"plasma"—will strain ceaselessly to escape from the bottle. If it so much as touches the wall of the torus its heat will escape—and will damage the pressure vessel. But because of its electric charge the plasma can be restrained by magnetic forces, provided these can somehow be guided to follow its writhings and keep it away from the pressure vessel wall.

Dr. Rebut's team designed a magnet with coils bigger than had ever been wound for an electrical machine, wrapped round a core of some 1,500 tonnes of steel. The experiments would *consume* as much electricity as a small power station can produce—up to 230 MW. It was the most ambitious research proposal ever placed before the EEC Commission.

Contentious

Nevertheless, in 1975 it was approved by all partners. Then began two years of contentious argument over which was to host such a spectacular research project. Everyone wished to be host to a venture which in concept would be stretching present-day technology to the limit in some crucial respects. Every nation knew that so large an infrastructure would have to be developed to build JET successfully that its host would automatically become favourite for the next European fusion experiment, and eventually for the first European experimental fusion reactor. But the physicists also knew that, so ambitious was JET's design, they would need above all the dedication of a large, established national fusion research centre to provide support.



What a thermonuclear fusion reactor may look like. The UK AEA's Culham conceptual Tokamak Reactor Mark 2

Not until October 1977 did the Council of Ministers of the European Communities finally agree on a site—Culham, adjoining Britain's national centre. This was the European centre with the best reputation for big-project management in fusion.

In June 1978 the JET Joint Undertaking was formally established by the Council of Ministers, with a remit to "construct, operate and exploit, as part of the Community fusion programme and for the benefit of the participants therein, a large torus facility of the Tokamak-type and its auxiliary facilities in order to extend the parameter range applicable to controlled thermonuclear fusion experiments up to conditions close to those needed in a thermonuclear reactor."

The Joint Undertaking confers upon the project a high degree of autonomy and, in view of Professor Teillac, "represents a major step forward in European co-operation." It has its own set of statutes, funds, management organisation, and staff of up to 320. In addition, it will be able to draw upon the Culham Laboratory, just a few yards away, with its £11m-a-year national fusion research programme.

JET is believed to be the world's most ambitious experiment in fusion. It is bigger than the Tokamak Fusion Test Reactor (TFTR) under construction at Princeton, but complements its design. The two teams are already exchanging design information and will be exchanging results. TFTR is scheduled to operate in 1981, 12-18 months before JET. Japan has begun building an experiment on the same timescale as JET, which in size lies between these two projects. The USSR has plans for a bigger experiment than any of these, called the Tokamak T-20, but has not yet approved funds.

So far, the 11 partners have committed about £100m to the construction and about £20m for the operation of JET (January 1977 prices). The budget is being funded 80 per cent by the European Commission, 10 per cent by the 11 participants, and 10 per cent specifically by Britain as host nation.

If the basic machine is a success, the Council of Ministers expects to be asked for another £35m in the early 1980s for "improvements."

"With improvements, I think JET will go beyond all the others," says Dr. Hans-Otto Wuester, director of the JET project. They will allow "active" operation of the apparatus, using tritium instead of hydrogen or hydrogen-deuterium plasmas. But this capital expenditure is conditional upon JET's initial performance.

Dr. Wuester, who came from CERN, Europe's collaborative project in high energy physics, works in partnership with Dr. Rebut, JET's designer, in building the machine. Half the capital outlay has already been committed in contracts with European companies.

In designing JET, Dr. Rebut has followed two main principles. First, he has used as far as possible established construction techniques in order to minimise the technological risks. He has not used superconductors, for instance, for the 250 MW toroidal field coils because these would have complicated design, increased the cost and almost certainly delayed the project. Instead, he has chosen water-cooled copper coils and glass-fibre insulation.

Dr. Rebut's other major design principle is to make the torus modular in construction, built up from eight "orange slices," each of which can be removed and replaced as a complete module. This will facilitate manufacture and testing. More important, however, the principle is expected to become very important for the efficient dismantling and maintenance of the torus once the physicists begin to use tritium and the structure becomes radioactive. Each module or "machine octant," comprising a 45-degree sector of vacuum vessel together with its associated toroidal field coils and external structure, will slot into the torus between two adjacent return limbs of the 2,600-tonne electromagnet core.

JET, it is hoped, will come close to the conditions of plasma temperature, density and duration required to obtain a net output of energy from a thermonuclear reaction. But the physicists believe they will need at least one more stage of experiment before they can confidently design the first experimental reactor and thus reach the landmark in fusion which nuclear fission reached in 1942. This spring the fusion physicists began to talk publicly of Super-JET, the next project. Dr. Guido Brunner, the European Community's energy commissioner, when laying the foundation stone for JET, forecast that within five or six years the Community would be discussing the finding and siting of Super-JET.

It would, said Dr. Brunner, be "tremendously costly"—perhaps more than £500m. The politicians might even need to think in terms of a "world machine."

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Enrichment clubs come on stream

UP TO 1970 there had been almost no collaboration between nations in the enrichment of uranium. Britain and the U.S. collaborated during World War II, when Britain abandoned its own plans for building an experimental plant in Wales to try to make uranium-235 as a nuclear explosive. The scientific expertise, mostly centred on the Clarendon Laboratory at Oxford, was transferred to the U.S. Government's Manhattan Project. But the partnership ended abruptly with the passing of America's McMahon Act in 1946.

In the mid-1950s, in the formative months of the EEC, the French proposed that the Community should embark upon an enrichment project to safeguard supplies of fuel for a big programme of nuclear power. But the U.S. Government stepped in with an offer Europe "could not refuse" of State-subsidised enrichment from the big U.S. diffusion factories built during and after the war for weapons production. The EEC accepted, and any collaboration on enrichment technology was postponed for another 15 years.

Urenco

In 1970 Britain, West Germany and Holland formed a "club" called Urenco for the commercial exploitation of a new method of enriching uranium called the gas centrifuge process. The idea of using high-speed centrifuges for separating mixtures of isotopes had been around for at least 50 years. How to do it dependably, at a price competitive with the huge gas diffusion factories of the U.S. and USSR, set up to enrich uranium for weapons, was a remarkably difficult engineering problem. But the three European countries believed they were well on the way to solving the problem, and could complete the task of turning it into a commercial business much quicker if they collaborated.

First Germany and Holland began talks on a partnership to exploit their work. Germany, with ambitious plans for nuclear power, was wary of international reaction — from Eastern Europe especially—if it began to build a uranium enrichment factory. It proposed a joint project on Dutch soil. For Holland with only a minuscule nuclear programme, it offered both a way of exploiting a promising new commercial development and of giving the world greater assurance about Germany's intentions. Britain, busy laying its own plans for exploiting the gas centrifuge, sensed competition and proposed that all three should pool resources to create a new international nuclear company strong enough to take on the U.S. Government.

The Treaty of Almelo is a pact between the three Governments to pool a decade of research into the lightweight gas centrifuge and develop the technology into a large-scale industrial process. Britain's one-third shareholding was retained by the Government through the UK Atomic Energy Authority (later transferred to its subsidiary, British Nuclear Fuels). The Dutch one-third shareholding was held partly by its Government, partly by private companies such as Royal Dutch Shell, but is now being acquired almost wholly by the state. Only the German one-third shareholding will then remain privately owned, by such companies as MAN, Uranit and Interatom.

The Treaty of Almelo had some severe diplomatic repercussions. The U.S., which virtually monopolised the supply of enrichment uranium to the non-Communist world, claimed that Urenco would threaten what it saw as the world's best safeguard against the spread of enrichment technology and the risks this entailed for proliferation of nuclear weapons. In Europe, France, Belgium and Italy were all aggrieved at being left out of the club. Each paraded its own research on the gas centrifuge as evidence of qualifying for membership. But the pitfalls of partnership between three nations, *all known to have made roughly the same technological progress*, were deemed a sufficiently risky basis on which to launch the club.

Technically Urenco has been a great success. According to Dr. Peter Jelinek-Fink, Urenco's chairman, the project has never *suffered a serious technological* setback from the day when the three partners first began to disclose their ideas to each other. "The centrifuge is getting cheaper and cheaper day by day." Early last year the Dutch factory was given, inadvertently, a particularly severe test when the authorities ordered its shutdown because of a demonstration at the site by anti-nuclear campaigners. Urenco executives expected many machines to fail when they switched on again. In the event they restarted the whole factory in one night—without losing a single one of its tens of thousands of machines.

Dr. Alan Johnson, BNFL director responsible for enrichment, breaking ground at Capenhurst in April for a £90m investment in uranium enrichment. This is the latest phase of the Anglo-German-Dutch gas centrifuge project

From the very first disclosures, when the experts began saying "why didn't we think of that?" technical progress has been "absolutely marvellous," claims Dr. Jelinek-Fink. But Urenco *has also* generated internal competition—"friendly but critical"—between the three national development teams. This rivalry has tended to delay one of the initial goals of the club, namely a unified design of gas centrifuge embodying the best ideas of the three countries. The latest tranche of investment, £180m, approved by the three Governments earlier this year will be divided between a British design of machine for the Capenhurst factory in England and a German design of machine for the *Almelo factory* in Holland.

Nevertheless, a unified Urenco technology remains the goal of a £25m a year research and development programme spread among half a dozen research centres in the three nations. In an ideal world, says Dr. Jelinek-Fink, Urenco would also be collaborating with the U.S. Department of Energy, which has a major programme of gas centrifuge development. But current U.S. Government policy on nuclear proliferation alone ensures that such a collaboration cannot be.

Urenco is also pressing ahead with a third enrichment factory, in West Germany, even though this cannot be justified on any foreseeable commercial developments during the 1980s. Provision for a German plant was made in the Treaty of Almelo. *Pressure to build one has come* from German electrical utilities, profoundly disturbed by two political interventions in the fulfilment of enrichment contracts they thought had been signed, sealed, and blessed by the International Atomic Energy Agency.

The first was the insistence of the Carter Administration on re-negotiating all foreign enrichment contracts two years ago, which led to a long hold-up in deliveries to Germany. The second was the inability of the Dutch Government for many months to ratify Urenco's enrichment contract with Brazil, which provoked fears at one stage that Holland might even pull out of the club.

According to Urenco, the Germans were infuriated by discussion in the Dutch Parliament of the need to "control the Germans."

The German factory is to be built at Gronau, only about 20 miles from Almelo. The first facility will be an assembly-line for gas centrifuges manufactured by MAN, Dornier and Uranit. This is already under construction. The plan then calls for the first tranche of enrichment capacity to be operating by about 1983.

But Mr. Wilfred Rooke, Urenco's general manager, stresses that there could never be any question of allocating a contract to a specific factory—say, the Brazilian contract to the British and German factories—in order to try to assuage Dutch worries. "The day we do that is the day we start breaking up." Under the terms of the Treaty of Almelo none of the partners can unilaterally enforce its will to close or expand a factory, or sell enrichment to customers which have not complied with international requirements on safeguards.

The formation of Urenco as potential competition for the U.S. monopoly of supply in Western Europe prompted the birth of a second competitor. In the 1960s the French had developed their own enrichment technology, based on gas diffusion, for a weapons programme.

They proposed a rival club called Eurodif, in which several potential customers — nations with large nuclear programmes —would put up the cash to build a commercial enrichment factory based on French technology. In 1973 Belgium, Italy and Spain (and later Iran) put up money for Tricastin, a manufacturing complex in the Rhone Valley, which will include 10,800 tonnes of enrichment capacity and 3,600 MW of nuclear electricity. The first cascade of the Eurodif plant came into operation early this year. By the end of the year this massive undertaking is expected to be producing one-quarter of its designed output.

Eurodif has undoubtedly *cornered a large part of the* European market which Urenco in its formative stages had hoped to fulfil. Like Urenco, the project gives every indication of being an outstanding technical success, not least in the way a complex engineering project has been kept on schedule. Again like Urenco, its commercial future is clouded *by the fact that nuclear energy* failed to expand in the latter half of the 1970s at the pace which the industry confidently expected following the oil price increases of 1973-74.

Eurodif's current position appears to be that its shareholders have committed the cash to complete the project; but one (Iran) no longer offers a potential market, while for another (Italy) the market has receded far into the future. But France, Belgium and Spain have three of the biggest nuclear programmes in Europe relative to their electricity requirements. (Urenco's efforts to sell enrichment to Electricite de France were baulked by order of the French Government.) A second project called Coredif, for which Iran was expected to contribute 20 per cent of the cost, now appears unlikely to proceed, however.

Eurodif's surplus capacity and Urenco's proven technical ability to grow faster than the European market will allow *have obliged both organisations* to carry the commercial battle to the Far East and the U.S. itself. In Japan Eurodif has already succeeded in winning a contract. In the U.S. both clubs are trying to sell into a very large but temporarily very depressed market, against a home supplier whose prices may be as much as 30 per cent below European prices.

Advantage

The U.S. Department of Energy has the advantage of its newest *factory* being 24 years old, and of being required neither to make a profit nor to pay tax. It has also proved *itself to U.S. utilities as a highly* reliable supplier. And with a major investment programme in plant improvements nearing completion, it has enrichment capacity to spare. But it is at liberty to raise its prices whenever it chooses, whereas Urenco for instance is offering U.S. utilities fixed-price contracts.

The signs are that the U.S. *Government recognises* that it has lost any hope it once entertained of continuing to monopolise the non-Communist market for enrichment. The latest U.S. campaign to sell enrichment to Europe appears to have met with no success. Europe now has two indigenous sources. German utilities have displayed their confidence in Urenco by transferring contracts originally placed with the U.S. Government to the European club this year.

One big question now for the U.S. Government is how much of the cost of the big plant improvement programme, and also of the programme to build the first 2,200 tonnes of gas centrifuge enrichment capacity in the U.S., it should try to reclaim from its customers in higher prices. Its decision could give the European clubs their big opportunity to secure at least a few per cent of this very big market.

Clubs take care of plutonium

PLUTONIUM, as a by-product of the operation of almost every kind of nuclear reactor, has been the subject of attempts by nations to work together since the earliest days of the nuclear industry. The primary aim was to see that plutonium, as a fissile material, was not diverted into nuclear weapons but was retained strictly for use as a new nuclear fuel.

More than 50 nations today have research or experimental reactors capable of making plutonium in sufficient quantities to give them nuclear weapons if they so choose. More than 20 nations have electricity-producing reactors making plutonium as a by-product on a much bigger scale. All but a handful, however, have elected to sign the Non-Proliferation Treaty, a pact which embraces 105 nations which do not have nuclear weapons, and another three—U.S., USSR, UK—which are nuclear weapon States.

Its signatories accept the international safeguards and reactor inspection procedures of the International Atomic Energy Agency (IAEA) in Vienna — the world's premier nuclear club — the purpose of which is to ensure that no plutonium is being diverted to illicit purposes. The IAEA has laid the foundations of procedures for accounting for fissile materials in nuclear fuel and spent-fuel inventories.

Hard on the heels of Urenco, Europe's enrichment club, at the beginning of the 1970s came a second European nuclear club, United Reprocessors GmbH (URG). Britain, France and West Germany, the nations with the biggest electricity networks and the most ambitious nuclear plans, announced that they would pool their experience of reprocessing spent nuclear fuel.

Intention

At that stage, the intention was not so much the development of the technology. The partners believed — mainly on the basis of experience with low-burn-up metallic uranium fuel — that this was relatively straightforward chemistry. Their intention was to try to discourage other nuclear nations from investing in national reprocessing factories. Such projects would result in proliferation of sources and stockpiles of plutonium. More important, as the three URG partners then saw it, such projects would lessen their own chances of making a commercial success of reprocessing.

By the early 1970s it was clear that the partners had seriously underestimated the technical problems of reprocessing high-burn-up oxide fuels. By the mid-1970s plutonium proliferation had become a major public issue, with America—the nation which in 1955 had declared reprocessing technology "safe" for international dissemination—now attempting to outlaw its use. By the end of the 1970s, with the impracticability of U.S. policy very clearly apparent, public opinion had become "sensitised" to another technical problem—the safe storage of highly radioactive waste products from reprocessing.

Shifts

URG has weathered all these shifts in public perspective. At the conference of the European Nuclear Society in Hamburg in May, Sir John Hill, chairman of the UK Atomic Energy Authority, praised France for its technical achievement in joining Britain and Germany in having successfully reprocessed about 100 tonnes of oxide fuel — "a fine achievement by our French colleagues." Some of the French fuel had burn-ups as high as 30,000 MW-days per tonne. Germany, at its WAK plant at Karlsruhe, has reprocessed about 85 tonnes of oxide fuel. Britain, at Windscale, has reprocessed about 100 tonnes but is currently concentrating on metallic uranium (Magnox) fuel reprocessing at rates exceeding 30 tonnes a week.

All three partners in URG are convinced that reprocessing "is not only desirable but necessary and inevitable," said Sir John. Nuclear waste when conditioned and glassified is much less of a problem than the unprocessed spent fuel. In the longer term, reprocessing will be required to improve nuclear fuel utilisation by a factor of 100—from 0.5 per cent for the "once-through" cycle to over 50 per cent for the fast breeder type of reactor. "We are therefore going ahead as fast as we are able." Sir John Hill assured his audience.

Cogema in France and British Nuclear Fuels in England are both building large new reprocessing facilities for oxide fuel. Between them they have taken orders for the transportation and reprocessing of fuel believed to be worth more than £1.5bn. The Windscale Public Inquiry in 1977-78, which found unequivocally in favour of the UK project, also confirmed the basic logic of the technique in terms of public safety and the economics of offering an international reprocessing service. Germany, however, has postponed its decision to follow its partners with a big plant, for reasons which the politicians openly admit are political and not technical or economic.

All three partners are also working on the technology of converting the highly radioactive wastes into stable solid compounds capable of being stored safely for a very long time. Unquestionably the most highly developed technology—perhaps anywhere in the world—is the AVM process developed by the French Atomic Energy Commission at Marcoule. Here a pilot plant is continuously turning a stream of radio-active acid effluent from earlier reprocessing operations into black borosilicate glass, cast into steel containers for underground storage in air-cooled pits. The Germans have already asked for a licence to use the technology at their WAK pilot reprocessing plant. Britain's BNFL is considering using the French process in the £30m demonstration vitrification plant it is planning to build at Windscale.

A separate Anglo-French-German club was set up in 1973 to handle the problems of transporting spent nuclear fuel from nuclear stations round Europe to the reprocessing factories.

Nuclear Transport Limited (NTL) is owned jointly by British Nuclear Fuels, Transnucleaire SA, and Transnuklear. It earned over £2.7m last year carrying spent oxide fuel across Europe by road and rail to Windscale and Cap la Hague. NTL has a pool of 18 spent fuel flasks designed by its shareholders and approved by the reprocessors, together with road trailers and rail wagons to a total value exceeding £3m. Since 1973 it has made well over 500 shipments of fuel—over 3,000 fuel elements totalling nearly 700 tonnes of uranium—from 22 reactors in eight European countries. West Germany has been its biggest customer.

Following approval from the British and French Governments for the large reprocessing contracts with Japanese utilities, a new company has been formed to bring spent fuel by sea to Europe. Pacific Nuclear Transport is a BNFL subsidiary, with contracts to ship 4,600 tonnes of fuel during the 1980s. It has invested in three new vessels, designed for a cargo with the equivalent in energy of 3m tonnes of oil. The small size of the vessel, only 3,000 tonnes deadweight, is dictated by the size of Japan's port facilities. But the design is based on cumulative British experience in bringing some 12,000 tonnes of spent fuel to Windscale since 1965, from places as distant as Japan and Australia.

The considerable experience of Britain, France and West Germany in all facets of the "back end" of the nuclear fuel cycle has gone a long way towards convincing one of the newest of nuclear clubs that the current policy of the U.S. Government towards reprocessing is misguided. This is the club proposed by President Carter himself in 1977, called the International Nuclear Fuel Cycle Evaluation (INFCE). Any hopes that the U.S. Government may once have entertained of persuading the nuclear nations of the wisdom of abandoning reprocessing have evaporated at INFCE meetings over the past year.

Tighter

But INFCE, in which more than 50 nations are participating, may yet by more sophisticated arguments achieve tighter controls over the risks of plutonium being diverted from power programmes into nuclear weapons. One argument is that, although unburnt uranium recovered from spent nuclear fuel is a valuable fuel, the accompanying plutonium is an uneconomic fuel for the current generation of reactors, and is best stockpiled for use in fast breeder reactors.

Another way in which INFCE may tighten international controls on plutonium is by formally accepting the logic of international reprocessing centres and plutonium stores, under multinational supervision, and preferably located in countries which are already nuclear weapon States. Any unilateral attempt to breach safeguards could then swiftly be published by the miscreant's partners.

Independently of INFCE, an expert group from 24 nations has been meeting in Vienna since last December to try to work out a scheme for international storage of plutonium. The U.S. Government is participating in spite of its domestic policy of forbidding reprocessing and the separation of plutonium. By April this year, the group had worked out a basic scheme for a central International Plutonium Storage (IPS) administration, based on the IAEA. The plutonium would be stored either at reprocessing factories or fuel fabrication factories.

The idea is that all plutonium separated by reprocessing would be registered with the IPS administration. The IPS would then release it from store (or allow it to proceed directly to an authorised destination) only for approved purposes such as the manufacture of fuel for fast breeder reactors or for certain kinds of experiment.

When the group next meets in November it hopes to resolve some of the institutional and legal niceties still outstanding. It also hopes to persuade the Americans to drop their attempt to impose restrictions on certain types of reactor experiment with plutonium fuel. But it is still investigating the possibility of "blacklisting" certain experiments which could increase a nation's knowledge of plutonium as a potential explosive.

Dr. Sigvard Eklund, director-general of the IAEA, believes progress towards IPS has been "highly encouraging." Such a scheme of international control for plutonium would be "a major contribution towards both the solution of some of the political constraints preventing much-needed developments in the nuclear industry and to the world's non-proliferation regime."

A purpose-built suite of 11 interconnected shielded cells at Dounreay. Highly radio-active samples are analysed in the cells, shielding being provided by 250 mm thick iron shot concrete. Viewing is through 355 mm thick lead glass windows, and manipulations carried out with lightweight master slave manipulators

COMMODITIES and AGRICULTURE

Brazilian coffee frost fears ease

BY RIK TURNER IN SAO PAULO

ALTHOUGH THE Brazilian state of Parana was hit by frosts on Tuesday, first reports indicate that the areas affected were not coffee producing, and that, if anything, it is the wheat crop which will suffer.

Trade reactions to the Brazilian Coffee Institute's (IBC) decision to close export registries were generally favourable. Unofficial reports suggested that the Institute would not change the position until August 14, when it will open registries for embarkation in October.

Sr. Jose Candido de Melo of the Sao Paulo brokers, Multival, said the suspension of exports was not aimed at putting an end to speculation, which he said was an essential part of the market, but rather at drawing out the so-called "cold registrations," where coffee has been registered for export without having been sold.

Sr. Melo went on to estimate the IBC's present stocks, also closed for export, at 7.4m bags (60 kilos each).

So far this year Brazil has exported, according to trade estimates, some 7.5m bags, and a further 2m bags are already committed for export in the next two months.

The National Monetary Council met yesterday, and was expected to announce a programme for the recuperation of frost-hit coffee plants.

The state worst hit by the frosts at the end of May was Minas Gerais, which lost some 7 per cent of this year's crop and 50 per cent of next year's. Parana lost between 4 and 5 per cent for this year and 20 per cent for next.

The support programme for the damaged plants is expected to cost some 8.8bn cruzeiros (£180m).

In addition to financing per plant, based on the degree of damage (which determines the length of the recuperative process, during which the plant is unproductive), there will also be an extension of growers' debts, on loan for production financing and for infrastructure development. The latter is a major factor, particularly in Minas, which is being prepared to take over as the country's number one coffee-producing state.

Our Commodities Staff writes: Continuing frost fears boosted prices on the London coffee futures market again yesterday morning and the September position rose £88 a tonne at one stage.

But prices later declined as traders had second thoughts about the seriousness of the Brazilian weather situation. By the close September coffee was quoted at £1,871 a tonne, down £11 on the day.

Commission closes sugar export season

BY OUR COMMODITIES STAFF

THE European Commission's sugar management committee in Brussels yesterday issued export licences for 30,000 tonnes of white sugar at its weekly tender. Maximum export subsidy payable was set at 30.946 units of account per 100 kilos.

This was the last tender scheduled for disposing of the exportable surplus from the 1978-79 EEC beet sugar crop in a series which ran two weeks beyond the official end of the marketing year.

On the London terminal market, meanwhile, prices drifted lower all day, mainly under the influence of the strong pound and other currency factors.

The October quotation closed £2.65 a tonne lower on the day at £106.425.

In the morning, the London daily price for raw sugar was fixed £2 lower at £99 a tonne and the whites price was down £1 at £96.

Estimates published in the World Sugar Journal showed a sharp increase in Chinese sugar production for the 1978-79 season—to 2.57m tonnes raw value compared with 1.88m tonnes in the preceding year.

Navy hunts salmon poachers

By Our Commodities Staff

TWO ROYAL Navy vessels are helping to fight salmon poaching off the Northumberland coast.

On Tuesday, HMS Guernsey, a 250-ton fisheries protection vessel, made a 60-mile sweep looking for poachers. And a week earlier the 500-ton minesweeper, HMS Pollington, made a lightning inspection of the area.

HMS Pollington officers boarded about a dozen vessels and some prosecutions will result.

The Navy vessels are entitled to stop fishing boats to check salmon licences and that their drifet nets are not longer than 600 yards.

Mr. Doug Iremonger, Northumbrian Water Authority fisheries manager, said salmon poaching had become a serious problem in the region. The authority had one fisheries patrol vessel, he said, but needed Government aid to buy another.

This year licences for salmon netting were granted to 126 vessels employing about 500 men. In 1978 the netting industry caught 64,000 salmon weighing nearly 500,000 lb and the estimated turnover for this year is between £1m and £1.5m.

India denies exceeding sugar quota

NEW DELHI—India's State Trading Corporation (STC) has denied London reports that its sugar contracts have exceeded India's International Sugar Agreement (ISA) quota for 1979. But a spokesman said the limit was close.

He said the STC, which last week contracted 17 cargoes of whites for October/November shipment, could not leave contracts to bunch up to the end. Last year, shipments fell marginally short of the ISA quota for 1978 because a November port strike upset the STC's shipment schedule.

The official said the STC was "not unsatisfied" with the premium it was getting over the London daily price but felt the market was more or less static. Reuter

Unigate euphoria not justified

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE MILK Marketing Board had no option on the face of it but to take over the Unigate manufacturing interests. If Unigate had given up processing milk, the Board would either have had to build fresh factories or transport milk great distances from areas of high production especially in the west of England where it has no factories.

I find it ironical to reflect that there was a period soon after the last war when I, with other dairy farmers, was trying to persuade the Milk Board, through the NFU, to seize as much as it could of the manufacturing market. We were egged on by the late Sydney Foster, the Board's first general manager whose main aim in life was the rationalisation of the milk industry from the cow to the consumer.

Our crusade was a failure. Politically it was out of court because of the threat of monopoly power. Also in the late 1940s no one in their wildest dreams would have forecast a dairy products surplus and the fact that dairy products are now the major consumer of British milk output. Why invest good money, we were asked, in facilities for which there was only a demand at peak production?

Even if the Milk Board takeover was inevitable, the euphoria which it seems to have generated among some farmers I have spoken to could lead to an over-confidence in the future of milk which the facts should surely dispel.

Overall, the market for milk and milk products is shrinking, and it is a fair guess that as inflation bites, household spending on food could suffer still more. Yet milk production in the Common Market, including Britain, is rising by 5 per cent a year.

Intervention, and other stocks of butter in Britain alone are now 56,000 tonnes and the total Community butter "mountain" will soon reach 500,000 tonnes.

Economically this is a frightening picture, yet no one in the industry will admit it. Instead, the line seems to be that as long as Britain is a deficit area as far as milk products are concerned the British farmer has a right to supply his domestic market. In fact, no one from the Minister of Agriculture to the smallest cowkeeper expresses the least understanding that a common market means what it says and that a surplus is common to all.

Instead, everyone is being urged to produce regardless of the consequences as long as the Community foots the bill. All European farmers have the same understanding that no solution is possible until the taxpayer cuts the open-ended guarantee which this year will cost £120 for each of the Community's 25m dairy cows.

Christmas turkey prices expected to rise 10%

BY OUR COMMODITIES EDITOR

OVEN-READY turkey prices this Christmas are expected to rise by over 10 per cent—after a standstill last year—according to estimates by Midland Poultry Holdings.

Early sales for the Christmas trade, already being put aside in cold store, are reported to have been made at around 50p a pound—some 5p above last year's level.

It is thought that now the 50p a pound mark has definitely been breached, retailers may be encouraged to raise their profit margins this year to more realistic levels. Last year oven-ready turkey prices were kept virtually unchanged by competition among leading retailers using turkeys as a loss leader to attract customers.

Turkey producers are facing substantial rises in the cost of feed, labour and energy, but the industry feel; it can continue to offste these cost rises by improved efficiency.

However, the industry has gradually pushed up sales of turkeys for other occasions, notably Easter, but the largest potential area for future expansion is believed to be turkey processed meats and products, ranging from portions to roasting joints, to turkey roll and loaf.

GHANAIAN AGRICULTURE

Urgent need to give cocoa farmers more

BY MARK WEBSTER, RECENTLY IN ACCRA

UNLESS ACTION is taken soon to encourage cocoa production in Ghana it could cease to be grown commercially in another 10 years, according to Mr. Kwame Pianim, chief executive of the Ghana Cocoa Marketing Board.

But provided there was immediate Government action, he felt production could be maintained at the present level of 250,000 tons a year. So far, he said, "a small beginning has been made. But it is only a very small beginning."

His statement underlines the concern within Ghana's cocoa industry at the way production has declined over the past decade. During that time Ghana has slipped from being the world's biggest cocoa producer to being third after Brazil and Ivory Coast.

This year's harvest of 250,000 tonnes will be the lowest since 1959.

The reasons for the decline are many and complex. Mr. Pianim claims that development of Ghana's urban sector had been made at the expense of the rural areas, especially the cocoa farmers. "It is looked on as the fat cow which can always be squeezed," he said.

Yet cocoa is essential to the well-being of the Ghanaian economy. It accounts for 70 per cent of foreign exchange earnings and 36 per cent of Government revenue. This year it is expected to bring the country 1.2bn cedis ($436m).

Why has Ghana's biggest bread-winner been neglected for so many years? One problem is the erosion of the producer price by Ghana's three-figure inflation. Even though the price paid to the farmer by the Marketing Board was doubled in last year's budget to 2,266 cedis per tonne (about £470), the farmer's income in real terms is almost half what he received in 1975.

Shrinking

The shrinking producer price is responsible for many of the other ills which have affected cocoa production. Smuggling to the "hard" currency areas across the border, Ivory Coast and Togo, has proved increasingly attractive to the farmers. Just as important as the convertible currency is the fact that they can buy the consumer items, scarce in Ghana, and take them home.

The Board estimates that smuggling has been cut from 35,000 tonnes last year to only 18,000 tonnes this year because of tighter border patrols. But unofficial estimates put last year's total as high as 45,000 tonnes.

Certainly, the clean-up campaign of the new Government has made a considerable difference to smuggling. The former head of the border guard was one of the first to be executed by the new regime.

The campaign and the determination of the military to keep food prices at their controlled level should also slow down the drift away from cocoa farming into food crops. While food prices were rising it was far mor profitable for the farmer to leave his cocoa crop and concentrate on producing foodstuffs for sale in the local markets.

But Mr. Pianim feels that only a higher producer price will encourage the farmer to invest in the future. Farmers could then easily step up current production to nearly 400,000 tonnes since it is estimated some 100,000 tonnes of cocoa at present is left in the fields to rot each year. But for long-term expansion the farmer would have to be guaranteed a good return for a number of years.

The need to invest is underlined by the fact that Ghana's cocoa trees are ageing and there is little incentive to replant. Nearly 60 per cent of the trees are more than 25 years old and many of those have not been properly maintained for a number of years decreasing their resistance to disease.

Low yields

As a result, productivity is very low. Ghana's cocoa trees yield on average only 300 lbs to the acre while Ivory Coast produces 600 to 800 lbs per acre and Brazil can boast up to 1,000 lbs per acre in some areas.

Moreover, even when the farmer is interested in protecting his crop he has difficulty getting the right inputs. Although the Board says there is no shortage of sprays and spraying machines, the Cocoa Farmers Committee says there is a considerable shortfall in both.

Farmers also have trouble finding manual labour to work the fields. With the average age of farmers increasing, extra labour has become more and more important. But the migrant workers, who used to cross the border from Upper Volta, now work on the farms in the Ivory Coast following Ghana Government measures to discourage "alien" labour.

Mr. Pianim said the Government was at last trying to tackle some of the problems. For instance, the droughts which hit Ghana after 1974 forced many farmers into the hands of money lenders. Because of very high interest rates demanded the farmers have been mortgaging their crop in order to keep up their payments.

The Government believes that by encouraging lending to the farmers to buy their own farms back there will be an added incentive to grow more. Commercial banks are also being encouraged to lend more to the cocoa farmers.

There are two replanting schemes going on with finance from the World Bank. One is a three year replanting project in the Ashanti district costing $14m. The second, a rehabilitation and replanting scheme in the Eastern region, will cost around $8.5m.

Philippines sets alcogas target date

MANILA—The starting date for the production of alcohol from sugar cane and blending into petrol to make alcogas automotive fuel has been set for 1981, an Energy Ministry spokesman said here yesterday.

The date was set following expected completion of an agreement on technological aid between the Philippines and the Austrian state-owned Voest-Alpine, which helped develop Brazilian Alcogas, he said.

Two sugar mills, one in northern Philippines and the other in central Philippines, would initially produce about 125,000 litres of the anhydrous alcohol. Reuter

BRITISH COMMODITY MARKETS

BASE METALS

Metal Exchange with the market influenced by the continuing firmness of sterling. Forward metal opened around £810 but quickly eased to £804 in fairly active trading before rallying to £806. In the afternoon a disappointing opening on Comex prompted a further weakening in prices with forward metal finally £802 on the late kerb. Turnover 16,275 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	785.5-6	—18	778.5-9.5	—19.7
3 months	806.5-7	—7.5	800.5-1	—15.7
Settlem't	786	—18	—	......
Cathodes				
Cash	765-6	—11	758-60	—17
3 months	789-.5	—8.25	783-4	—14
Settlem't	766	—11	—	......
U.S. Smt.	—	......	*84-87½	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £808, 7, 7.5, 7, 6, 6.5. Cathodes cash £784, 5, .5, three months £789, 89.5. Kerb Wirebars three months £807, 7.5. Afternoon: Wirebars three months £803, 2, 1, 2, 1.5, 2, 1, 2, 1.5, 2, 1.5, 1, 800.5. Cathodes cash £760, three months £784. Kerb: Wirebars three months £800, 1, 800.5, 1.

TIN—Lower reflecting the strength of sterling coupled with an easing in the nearby supply situation, the latter following fresh arrivals from the East. After opening at £6,700 forward metal fell to £6,680 before recovering to close the late kerb at £6,720 with the late rally reflecting covering against physical demand. Turnover 2,845 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6940-50	—77.5	6925-40	—217
3 months	6715-30	—67.5	6735-50	—57.5
Settlem't	6950	—79	—	......
Standard				
Cash	6940-50	—77.5	6925-40	—217
3 months	6705-10	—75	6725-8	—49.5
Settlem't	6950	—70	—	......
Straits.E.	$1955	+4	—	......
NewYork	—	......		

Morning: Standard cash £6,940, 50, 40, three months £6,690, 6,700, 05, 10. Kerb: Standard three months £6,710, 20, 30. Afternoon: Standard three months £6,730, 35, 30, 25. Kerb: Standard three months £6,720, 30, 20.

LEAD—Fell away mainly owing to the sharp rise in sterling. After opening at £505 and moving ahead to £512 helped by short-covering and the strength of gold and silver forward metal lost ground to close the late kerb at £496. Turnover 6,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	527-8	—16	517-9	—20.5
3 months	507-8	—15	500-1	—18
S'ment	528	—16	—	......
U.S. Spot	—	......	*58-62	......

Morning: cash £526, 27, 28, three months £508, 5, 4, 3, 4, 2, 3, 4, 6, 7. Kerb: three months £506, 5, 6. Afternoon: three months £503, 2, 3, 1, 1.5, 2, 1. Kerb: three months £498, 97, 98, 99, 98, 96.

ZINC—Marginally easier on currency considerations. [illegible]

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

The London market opened with small losses encouraged by stronger sterling, reported T. G. Roddicks. Prices soon steadied as consumer buying picked up. Further support came from short covering and speculative interest. The market finished with moderate gains.

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

COMPANY NOTICES

PROPERTY

PRICE CHANGES

In tonnes unless otherwise stated.

	July 18 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1480/1510	....	$1,565/75
Copper			
Cash w'bar	£779	—16.5	£909.5
3 mth	£800.75	—15.75	£921.5
Cash Cathode	£759	—17	£883.5
3 mth	£783	—14	£903.0
Gold troy oz.	$301.375	+3.5	$280.87
Lead cash	£518	—20.5	£563
3 mth	£500.5	—18	£524.25
Nickel	£3225.4	....	£3,225.4
Freemkt(cif)(lb)	265/300c	....	275/30c
Platin'm'tr'y oz	£166.0	....	£171
Free mkt	£182.85	—1.35	£203.10
Quicksil'ver	$310/330	....	$345/55
Silver troy oz.	417.65p	+1.8	401.05p
3 months	430.05p	+1.5	412.85p
Tin cash	£6,932.5	+217.5	£7,587.5
3 mths	£6,725.5	—49.5	£7,102.5
Tungsten	$143.12	+2.95	$141.61
Wolfrm 22.04 cif	$136/143	....	$146/51
Zinc cash	£314.5	—3.5	£359
3 months	£320.5	—4.75	£371.75
Producers	$845	....	$845
Oils			
Coconut (Phil)	£1,140x	....	$1,065x
Groundnut	‡	....	‡
Linseed Crude	£405	....	£389
Palm Malayan	$690z	+6	$650y
Seeds			
Copra Philip	$740w	+10	$712.5
Soyabean (U.S.)	$338.15z	+19.85	$327.95
Grains			
Barley Futures	£91.30	—0.15	£93.15
Maize			
French No 3 Am	£107	....	£110.5
Wheat			
No. 1 Red Spg.	£97.75	....	‡
No2HardWint.	£99.5p	....	‡
Eng. Milling †	‡	....	‡
Other commodities			
Cocoa ship't	£1,528	—20	£1,736
Future Sept.	£1,418	—20	£1,645
CoffeeF't'rSep	£1,871	—11	£1,960.5
Cotton A'index	75.55c	....	76.80c
Rubber kilo §	56.0p	+0.25	65.75p
Sugar (Raw)	£99.0	—2.0	£99.0
Wooltp's 64s kl	267p	....	276p

* Nominal. † New crop. ‡ Unquoted in tonnes, unless otherwise stated. p August. s July-Aug. t Sept. w Sept.-Oct. x Oct. y Nov. z Indicator. § Buyer.

39.0 to 43.0. Veal: English fats 65.0 to 72.0; Dutch hinds and ends 90.0 to 95.0. Lamb: English small 60.0 to 68.0, [illegible]

AMERICAN MARKETS

NEW YORK, July 18.

THE PRECIOUS metals markets continue to generate buying interest on dollar weakness and continued U.S. political uncertainties. Commission House liquidation was the primary feature in a lower copper market. After early weakness, the livestock markets firmed toward the close on general Commission House short-covering as producers became reluctant sellers [illegible]

[illegible]

Wednesday's closing prices

[illegible]

EUROPEAN MARKETS

ROTTERDAM, July 18.

Wheat—U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent. Aug. $205. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Aug. $198, Sept. $199.50. U.S. No. 2 Northern Spring wheat, 14 per cent, July $205, Aug. $202, Sept. $202.50, Oct. $206.50, Nov. $208.

Maize—U.S. No. 3 Corn Yellow afloat $153, July $153.50, Aug. $155, Sept. $156, Oct. $159.50, Oct.-Dec. $159.50, Jan.-March $165.

Soyabeans—U.S. 2 Yellow Gulfports Aug. $328, Sept. $326, Oct. $316.50, Nov. $315.50, Dec. $318, Jan. $321.50, Feb. $325, March $326.50, April $328, May $328.50, June $329, July $329.50 sellers, Oct. $315, Nov. $312.50 traded.

[illegible] July $310.50 traded, July $312.50 sellers, Aug. $313.50 sellers, Aug. $313 buyers.

Soyameal—44 per cent protein U.S., July $243, Aug. $249, Sept. $253, Nov.-March $259. Brazil Pellets afloat $246, July $248.50, Aug. $256, Sept. $260, Oct. $266, Nov. $269.

PARIS, July 18.

Cocoa (FFr per 100 kilos)—July 1360-1410, Sept. 1390-1410, Dec. 1420-1430, March 1475-1490, May 1495, July 1470. Sales 36.

Sugar (FFr per 100 kilos)—Oct. 956-959, Nov. 955-975, Dec. 1030-1045, March 1095-1108, May 1110-1140, July 1135-1155, Aug. 1145-1165, Oct. 1165-1185. Sales 7.

INDICES

FINANCIAL TIMES

July 17	July 16	M'nth ago	Year ago
287.06	285.68	298.96	235.54

(Base: July 1, 1952=100)

MOODY'S

July 17	July 16	M'nth ago	Year ago
1085.6	1085.9	1094.8	911.0

(December 31, 1931=100)

DOW JONES

Dow Jones	July 17	July 16	Month ago	Year ago
Spot	409.58	407.66	414.15	351.87
F'tur's	422.22	419.26	424.90	335.75

(Average 1924-25-26=100)

REUTERS

July 18	July 17	M'nth ago	Year ago
1561.4	1561.3	1629.6	1418.4

(Base: September 18, 1931=100)

[illegible] 2.00-3.00, Gaviotas 2.60-2.80, Burbank 2.40-2.60; Italian: per pound Florentia 0.13; Burbank 0.17½-0.20. Grapes—Cypriot: Cardinal per pound 0.25-0.30. Sultana/Thompson 0.30-0.40. Peaches—Italian: 1½ trays, Cs 1.60-2.00, Bs 2.50-2.40, As 3.00-3.20; French: C/Bs 1.60-2.00. Nectarines—Italian: D/As 4.00-7.00. Apricots—Spanish: 3.00-3.20; Hungarian: 3.00. Bananas—Jamaican: per 28 lb 3.80. Avocados—S. African: 4.00-4.20. Melons—Spanish: small trays, green 3.00, Yellow Honeydew 10-kilos 6/11s 2.50-3.50. Watermelons—Spanish: Greek: per box 4/6s 2.00-2.50. Onions—[illegible]

English Produce: Potatoes—New crop per bag 2.00-2.20. Lettuces—per 12 round 1.40-1.50, Cos 1.60, Webb's 1.40. Mushrooms—per pound 0.40-0.50. Apples—per pound Bramley 0.05-0.[illegible] Rhubarb—per pound outdoor 0.04. Tomatoes—per 12 lb 1.60-2.00. Cucumbers—trays 8/18s 1.20-1.60, prepack 2.00-2.20. Cauliflowers—per 12 Lincoln 2.00-2.20. Celery—per box 12/30s 1.50-1.60, large cartons 24 3.00. Strawberries—per ½ lb 0.15-0.25. Gooseberries—per pound 0.18. Levellers 0.20-0.25. Cherries—per pound 0.30-0.40. Peas—per pound 0.07½-0.09. Broad beans—per pound 0.07. [illegible]

Sterling inspires another strong advance in Gilts and Golds but revived export worries affect equities

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 18	Jun. 28	Jun. 29	July 10
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

The soaring pound again dominated stock markets yesterday. Government securities were again prominent with overseas and domestic investment ensuring another heavy trade and bringing fresh gains of 1½ points before quotations slipped from the day's highest in line with the later reaction in the exchange rate. South African Gold shares, too, continued firmly in dollar terms as UK and Continental demand was attracted by the latest upsurge in the bullion price.

In contrast, the tone in leading equities became less confident. Recent concern about overseas earnings returned and was further emphasised by the remarks of the chairman of Courtaulds about the "drastic effect" the rising pound is having on the group's profit margins. Potential buyers of leading shares withdrew and occasional selling made quite an impact on selected issues among which ICI fell 9 to 331p. Other losses among constituents of the FT 30-share index were generally smaller, but the index closed 6.0 down at 472.0.

Mirroring overnight late demand, Gilt-edged opened higher and renewed buying soon accentuated the underlying stock shortage. The £40-paid Exchequer 12¼ per cent "A" 1999 stock illustrated this by rising to 45 before profit-taking set in and the price came back to 44¼ for a net gain of only ½. Remaining longs closed with rises ranging to 1¼ but these were being eroded in dealings after the 3.30 pm official close. A similar tendency at the shorter end of the market saw some gains erased completely.

The late announcement of further steps towards the dismantling of exchange controls was responsible for sharp downward adjustments in Continental issues such as **Royal Dutch** and **Unilever NV**; but South African Gold shares were little affected.

Awaiting the announcement regarding a further relaxation in exchange control regulations, the investment currency market was highly nervous and just before the news *the premium fell to 20* per cent. The nature of the proposed alterations caused some confusion but late in the evening rates began to steady and the close was 22 per cent for a fall on balance of 4¾ points.

Lloyds down

An improved business in *Traded options* resulted in 577 contracts being completed against the previous day's 387. Oil shares attracted the bulk of the interest, Shell recording 181 deals and BP 78. GEC were also active with 71 trades.

Firm of late on buying ahead of the half-yearly dividend season which starts tomorrow, the major clearing banks took a distinct turn for the worse yesterday when profit-taking brought reactions ranging to 15. **Lloyds**, the first to report interim figures tomorrow, closed that much lower at 335p, while **Barclays**, 478p, and **Midland**, 370p, cheapened 10 apiece and **NatWest** declined 7 to 363p, after 360p. Investment currency influences prompted dullness in overseas issues with **ANZ** 7 off at 188p and **Hong Kong and Shanghai** 5 easier at 118p. Discounts, which have been unsettled of late by Alexander's gloomy interim statement, rallied in sympathy with a firm gilt-edged market and a more favourable half-yearly report from **Union**; the latter firmed 10 to 380p, after 385p, while **Gerrard and National** gained 6 to 262p and **Jessel Toynbee** put on 4 to 72p. Elsewhere, speculative demand in a market none too well supplied with stock helped **London Scottish Finance** rise 6 to a 1979 high of 58p, while improvements of 3 were seen in **F.C. Finance**, 68p, and **Keyser Ullmann**, 61p. **Wintrust**, at 95p, held on to Tuesday's rise of 10 in front of today's results.

Breweries and kindred issues were busier than of late, but closed little changed on the overnight levels. **Distillers** held at 220p awaiting today's preliminary results with market estimates going for around £185m and a good dividend increase. Elsewhere in Distilleries, **Sandeman** dropped 8 to 82p on profit-taking, while **Highland** eased 4 to 94p, with the new nil-paid giving up 3 to 7p premium after 6p premium.

Building descriptions closed mixed following a quiet day's trading. **Magnet and Southerns** firmed 10 for a two-day gain of 26 to 198p in response to the excellent annual results and 50 per cent *scrip issue* and **International Timber** added 3 to 119p in sympathy, while **Parker Timber** put on 4 more to 180p. By contrast, recently firm **Derek Crouch** succumbed to profit-taking and shed 8 to 172p and **Burnett and Hallamshire** gave up 10 to 405p.

Colloids firmed 2 more to 106p on consideration of the better-than-expected annual results. Buying ahead of the interim results due on August 2 helped **Rentokil** add 4 to 110p, after 111p, while **Yorkshire Chemical** continued the recent revival with a gain of 5 to 65p.

Leading Stores turned irregular after the previous day's firmness which followed details of buoyant retail sales in June. Still reflecting Press forecasts of record annual profits when the group report today, **Gussies "A"** touched 382p before closing 4 up on balance at 376p. Elsewhere, the sharply higher annual profits and proposed 100 per cent scrip issue failed to stimulate recent *high-flier* **MFI Furniture** and the close was 4 lower at 170p, after 168p. **Audiotronic** lost a penny to 11p on disappointing results, while **Bambers** came on offer at 134p, down 6. **H. Samuel "A,"** however, found support and closed 14 to the good at 254p.

Firm initially at 367p, **GEC** succumbed to scattered selling and closed a penny lower on the day at 361p. Among secondary issues, fresh demand lifted **Automated Security** 8 further to 154p, while late interest was shown in **United Scientific** which rose 10 to 335p.

A few scattered offerings and lack of fresh support took the Engineering leaders to lower levels. **John Brown** drifted off to close 8 cheaper at 467p and **GKN** eased 5 to 277p. Elsewhere, **Birmingham Mint** responded afresh to the good annual results with a further rise of 12 to 175p.

Leading Foods attracted a good business with **Unigate**, on further consideration of its deal with the Milk Marketing Board, adding a penny more to 94p, after 96p. *Up 17 on Tuesday*. **Associated Dairies** eased 2 to 268p, but **Rowntree Mackintosh** recently depressed by overseas earnings worries, picked up 4 to 176p, after 178p. Secondary issues passed a quiet session, but **William Morrison** responded to a certain amount of speculative interest with a rise of 7 to 153p.

Unilever slump

Renewed switching from **Unilever** into **Unilever NV** before and after confirmation of the Government's further relaxation of exchange controls prompted marked dullness in the former which fell away sharply after-hours to end 38 down on balance at 498p; dealings in the latter were halted with the shares at £18¼, a fraction easier on the day. Other miscellaneous Industrial leaders also reacted late and **Beecham** finished 9 lower at 535p, **Glaxo** 7 off at 443p and **Bowater** 5 easier at 155p. Elsewhere, **Jacksons Bourne End** fell 13 more to 130p on continuing concern about the Inland Revenue's investigation into the affairs of the associated Rossminster. **Gestetner "A"** declined 7 to 105p after 104p, following the lower interim profits and **Wedgwood** lost 6 to 82p on the chairman's warning about the adverse effects on profits exerted by sterling's strength.

The undertone in Properties remained firm, *but best levels* were not always maintained. **Land Securities** closed unchanged at 302p, after 305p, and **MEPC** ended just a penny up at 183p, after 184p. **Stock Conversion**, however, put on 8 to 370p and **Samuel**, on the sale of two German subsidiaries, firmed 6 to 128p. Buying in limited markets prompted gains of 5 and 4 respectively in **Evans of Leeds**, 106p, and **Regalian**, 31p.

Oils give ground

Oil shares took a distinct turn for the worse yesterday. **Shell**, down 32p at 328p, were unsettled by a revival of switching into **Royal Dutch**. The latter were being called 3¼ lower at £32 following news of the further relaxation in exchange controls. Local and late offerings from the U.S. left **British Petroleum** 40 down at 1210p. Secondary issues followed in the wake of the leaders, falls of around 10 being marked against **Oil Exploration**, 320p, and **Siebens (UK)**, 228p. **Tricentrol**, 222p, and **Ultramar**, 292p, gave up 8 apiece.

Shippings continued to make progress, but boiled over after an early upward flurry and quotations closed below the day's best. **Furness Withy** ended 5 higher at 296p, after 301p, and **Hunting Gibson** 3 firmer at 285p, after 287p. **J. Fisher**, 192p, and **Lyle**, 190p, put on 5 apiece. **P. and O.** Deferred improved 1¼ to 104½p following the £12½m sale of a gas tanker and two insurance subsidiaries.

Among Financial Trusts, **Fashion and General** moved up 8 to 155p in sympathy with the rise in **Furness Withy**.

Company trading statements again attracted the limelight in Textiles. **Courtaulds** eased 2 to 89p following the chairman's warning on profit margins, while reduced profits from **Illingworth Morris** came as no surprise, the shares shedding only a penny to 23p. **Vita-Tex**, on the other hand, rose 6 to 72p on the higher annual profits and dividend coupled with the company's confident outlook on current trading.

Tricoville were again buoyant, *putting on* 4 at 86p, with bid rumours reviving since **Damatex** withdrew its partial offer.

The continuing strength of sterling left large overseas earners **Bats** dull, the ordinary relinquishing 9 at 266p, with the deferred 7 lower at 253p. **Imperial** weakened 2½ to 91½p.

Plantations closed firmer, reflecting far-east advices. **Sogomana** featured with a rise of 15 at 300p.

Demand for Golds

The continuing buoyancy of the bullion price, which breached the $300 an ounce level for the first time and closed $3.50 up on balance at $301.375, after touching a record $304, prompted sharp gains in Golds in dollar terms.

However, in sterling terms prices were marginally easier as the investment currency premium lost ground prior to the statement on the relaxation of exchange controls.

Demand for Golds was widespread in the morning with interest coming from the UK, Continent and America. The opening of U.S. markets, however, and a slight reaction in the gold price, brought out a modest amount of profit-taking and prices eased a shade to close marginally below the day's best levels.

The Gold Mines index, including the premium, gave up 0.7 to 171.0, while the ex-premium index showed a 4.4 improvement to 158.9.

South African Financials were hard hit by the falling premium: **De Beers** dropped 19 to 341p, **Union Corporation** 12 to 334p, **"Amcoal"** 50 to 875p, and **General Mining** 10 to 445p.

London Financials came under pressure in the late trade although **Gold Fields** ended 2 better on balance at 230p, and **Rio Tinto-Zinc** closed unchanged at 268p, after 270p.

In Australians **Hampton Areas** picked up 7 more to 210p, still reflecting the company rejection of Colonial Mutual's proposed purchase of the company's nickel royalties.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 10	July 23	Oct. 4	Oct. 16
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov 1	Nov 13

For rate indications see end of Share Information Service

Money was given for the call in **Spillers**. **Scottish and Newcastle**, **Burmah**, **Shell**, **Premier Oil**, **Weeks Associates**, **Lesney**, **William Press**, **Royco**, **Feedex**, **Ladbroke**, **Furness Withy**, **G.R.A.**, **Town and City**, **Coalite**, **Lofs**, **British Land**, **ICI**, **Reed International**, **National Carbonising**, **Mount Charlotte**, **De Beers Defd.**, **Grindlays**, and **Mersey Docks Units**. A put was completed in **Geo. Bassett**, while a double was done in **Spillers**.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1200	22	1	88	5	115	—	1220p
BP	1300	2	70	32	2	75	—	"
Cons. Gold	200	26	12	35	—	45	—	226p
Cons. Gold	220	6	6	21	2	34	—	"
Cons. Gold	240	1	8	15	25	24	—	"
Cons. Gold	260	½	5	6	—	13	—	"
Courtaulds	90	2	1	7	5	9	—	89p
Courtaulds	110	¼	20	1½	—	3	—	"
Courtaulds	120	¼	—	½	4	1½	—	"
GEC	330	30	45	52	—	68	—	361p
GEC	360	4	10	32	1	49	—	"
GEC	390	¾	—	18	1	35	—	"
GEC	420	¼	12	9	—	23	—	"
GEC	460	¼	—	4	—	16	4	"
Grand Met.	128	16	5	22	15	29	—	144p
Grand Met.	138	6	24	16	5	22	—	"
ICI	330	6	5	22	—	31	2	334p
ICI	360	¾	—	8	1	17	—	"
Land Secs.	300	4	13	24	—	36	—	303p
Land Secs.	350	¼	—	10	—	26	10	"
Marks & Sp.	80	36	30	39	—	—	—	116p
Marks & Sp.	100	16	4	22	—	—	—	"
Marks & Sp.	110	7	26	14	—	16	—	"
Marks & Sp.	120	1	—	9	4	13	6	"
Shell	350	2	26	18	2	28	19	341p
Shell	375	½	—	10	7	17	68	"
Shell	400	½	—	6	52	12	7	"
Totals			319		151		115	"
		August		November		February		
EMI	110	6	—	10	6	17	—	104p
RTZ	280	10	6	23	—	31	—	269p
Totals			6		5		—	

APPOINTMENTS

Non-executive post at Dorada

Mr. Edmund Thompson has been appointed a non-executive director of DORADA HOLDINGS. He is group operations director of GEI International. The appointment follows the recent enlargement of Lorada's engineering interests by the purchase of Alexander Machinery and Qualters and Smith. **Mr. Thomas Kenny** is chairman of Dorada Holdings and GEI International.

★

Mr. F. Roos, **Mr. P. J. F. van der Does de Willebois** and **Mr. P. M. L. Rosenberg** have joined the Board of GRESHAM LIFE ASSURANCE following its acquisition by N.V. AMEV, the Dutch insurance group. **Mr. L. Ginsburg** and **Mr. B. R. L. Holmes** continue as chairman and chief executive, respectively.

★

Mr. Robert Tomkinson has been appointed a director of INTER-CONTINENTAL FUELS.

★

The main Board of the MOSS ENGINEERING GROUP is to be reorganised following the retirement at the end of August of **Mr. K. Parrock** and **Mr. H. W. Oakley**. **Mr. K. C. Russell**, formerly group secretary, will be financial director; **Mr. D. H. Herbert** moves on to the main Board while retaining his position as managing director of the Wallwin Group of Companies; **Mr. D. H. Stokes** joins the Board as a non-executive director. **Mr. R. K. Jakeman** is appointed group secretary in place of Mr. Russell and **Mr. H. H. Goodwin** will be deputy managing director of the Wallwin Group. A group executive management committee is to be formed. This will comprise the executive directors of the main Board plus **Mr. D. H. Doidge**, managing director of William E. Farrer, **Mr. R. G. Adams**, managing director of the Moss Gear Company, and **Mr. A. J. Thompson**, managing director, Stevens and Bullivant.

★

John Mowlem and Co. has appointed **Mr. R. P. Fletcher** as chairman of DUKE AND OCKENDEN in place of **Mr. E. P. Beck**, who has resigned as chairman but will remain a director. **Mr. C. V. J. Simpson** has become managing director of Duke and Ockenden.

★

Mr. Alan E. Moore is to be appointed to the Board of LLOYDS BANK INTERNATIONAL at the beginning of next year. He will be responsible for the Middle East and Africa Division. Mr. Moore joined Williams and Glyn's Bank in 1953 and since 1974 has been seconded to the Bahrain Monetary Agency to assist in establishing its Central Bank.

★

Mr. Swraj Paul has been appointed as a non-executive director of the BARROW HEPBURN GROUP. Mr. Paul is a director of Caparo Group which holds 24.9 per cent of Barrow Hepburn's Ordinary Share capital.

★

Mr. Nicholas K. Wills has been appointed chairman of BOULTON AND PAUL in succession to **Mr. W. M. Dravers** who has retired. Mr. Wills is a director of the BET Company.

★

Mr. Terry Van Ree has been appointed an additional director on the main Board of BARRATT DEVELOPMENTS and he moves from his position as deputy chairman of Barratt Developments (Northern England) to become chairman of Barratt Developments (Midlands).

★

Mr. V. S. Jeffs has been appointed DP manager of CORNHILL INSURANCE COMPANY based at the group's Guildford head office. Mr. Jeffs joins Cornhill from the Lowndes Lambert Group.

★

Mr. E. L. Baillieu has joined the Board of WOGEN RESOURCES.

★

Mr. Laurence C. Morgan has been appointed managing director of ANSBACHER (CI) in succession to **Mr. S. A. Faulkner**, who has retired but remains on the Board as a non-executive director. **Mr. H. R. Thomson** has retired from the Board.

★

Mr. Ian Melrose has been appointed to the newly created position of marketing and sales director of the WALL'S MEAT COMPANY in addition to his position as trading director. **Mr. Jack Freeman**, who was marketing director, has left the company to take up a senior Unilever position overseas.

★

Following the joint venture between Tootal and the National Enterprise Board for the reorganisation of YATES DUXBURY AND SONS, **Mr. A. W. Ward**, director, North West NEB, **Mr. E. B. White**, Tootal group treasurer, and **Mr. G. P. Morhen** have been appointed non-executive directors. **Mr. A. N. Wilson**, a director of Tootal, continues as secretary/financial director, **Mr. J. C. Harrington** as sales director and **Mr. G. W. Harris** as production director.

★

Dr. Gerald Thomas has been appointed divisional vice-president, Europe, for the semiconductor products group of FAIRCHILD CAMERA AND INSTRUMENT CORPORATION. He will be based in Finchley, London. Dr. Thomas was formerly general manager of ITT Semiconductors.

★

Dr. R. T. Newey has become business development director of VICTOR WOLFE and **Mr. J. A. Banks** has been made general sales manager.

★

Mr. Roland W. Shepherd has been elected chairman of the SOUTHERN COUNTIES AGRICULTURAL TRADING SOCIETY and **Mr. G. D. Robinson** has become vice-chairman. **Mr. Arnold Christensen** has retired as chairman and as a director.

★

Mr. I. G. Cressell has been appointed chairman of BRUMBY SYSTEMS.

★

Mr. J. David Windrow has been appointed vice-president in the consumer services group of CITIBANK. Based in London, Mr. Windrow is the senior credit officer for the group in Europe and also a director of Citibank Trust.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Oils	+33.99
Property	+32.96
Food Retailing	+32.68
Stores	+28.15
Merchant Banks	+26.33
Banks	+25.49
Gold Mines FT	+21.34
Discount Houses	+21.31
Electronics, Radio and TV	+20.40
Breweries	+18.93
Entertainment and Catering	+16.31
Mining Finance	+15.91
Insurance (Life)	[illegible]
Shipping	+15.81
Financial Group	+15.47
Consumer Goods (Non-Durable) Group	+13.91
Overseas Traders	+13.27
500-Share Index	+12.90
All-Share Index	+12.71
Newspapers and Publishing	+11.51
Building Materials	+10.39
Consumer Goods (Durable) Group	+10.34
Wines and Spirits	+ 9.87
Electricals	+ 9.89
Industrial Group	+ 9.01
Engineering Contractors	+ 8.10
Capital Goods Group	+ 5.28
Metal and Metal Forming	+ 4.70
Other Groups	+ 3.94
Food Manufacturing	+ 3.06
Tobaccos	+ 2.26
Investment Trusts	+ 1.54
Chemicals	+ 1.53
Hire Purchase	+ 9.11
Insurance (Composite)	+ 0.73
Mechanical Engineering	− 0.84
Contracting and Construction	− 1.33
Motors and Distributors	− 4.31
Household Goods	− 5.81
Packaging and Paper	− 6.14
Office Equipment	− 6.57
Pharmaceutical Products	−10.14
Textiles	−10.38
Insurance Brokers	−20.38
Toys and Games	−24.54

† Percentage changes based on Tuesday, July 17, 1979 indices.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	14	1210	−40	1295	882
Ladbroke	10p	10	174	− 1	243	167
Shell Transport	25p	10	328	−32	402	273
Barclays Bank	£1	9	478	−10	514	380
Unigate	25p	9	94	+ 1	96	70
ICI	£1	8	331	− 9	415	323
BAT Inds.	25p	7	266	− 9	362	255
Boots	25p	7	194	− 3	238	184
GEC	25p	7	361	− 1	456	311
Hanson Trust "New"	Nil/pd.	7	60pm	− 7	71pm	60pm
Rank Org.	25p	7	217	− 1	300	211
Royal Insurance	25p	7	337	− 3	443	325
Beecham	25p	6	535	− 9	755	520
Magnet & Southerns	25p	6	198	+10	198	130
Town & City Props.	10p	6	21	+ ¼	21	14

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FINANCIAL TIMES STOCK INDICES

	July 18	July 17	July 16	July 13	July 12	July 11	A year ago
Government Secs.	73.57	73.03	72.44	72.34	72.90	72.95	70.57
Fixed Interest	74.72	74.25	73.95	74.21	74.66	74.72	71.64
Industrial	472.0	478.0	470.7	468.6	469.8	468.6	467.7
Gold Mines	171.0	171.7	150.6	168.8	166.9	161.8	184.4
Gold Mines(Ex-$ pm)	158.9	154.5	145.5	146.1	148.3	147.5	109.2
Ord. Div. Yield	6.71	6.60	6.67	6.73	6.70	6.69	5.68
Earnings, Yld. % (full)	16.91	16.63	16.78	16.92	16.81	16.77	17.25
P/E Ratio (net) (*)	7.44	7.56	7.54	7.48	7.52	7.54	7.74
Total bargains	17,615	17,012	14,597	16,770	15,075	15,962	—
Equity turnover £m	—	76.27	55.12	69.28	67.80	70.75	76.64
Equity bargains total	—	12,476	10,927	12,545	11,639	12,872	15,372

10 am 477.5. 11 am 478.3. Noon 475.4. 1 pm 475.6. 2 pm 475.6. 3 pm 475.5.

Latest Index 01-246 8026.

* Nil = 7.13.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity, July-Dec., 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (6/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (6/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6 75)

S.E. ACTIVITY

	July 18	July 17
—Daily		
Gilt Edged	142.8	188.5
Industrials	123.6	127.6
Speculative	37.5	27.5
Totals	87.4	85.2
5-d'y Av'r'ge		
Gilt Edged	134.1	134.1
Industrials	125.0	125.8
Speculative	27.7	25.1
Totals	85.2	83.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (35)

[illegible]

NEW LOWS (90)

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

† Redemption yield. [illegible]

هكذا من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame Luxembourg.
Alexander Fund | US$8.04 | -0.04 | —
Net asset value July 16.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy, C.I. 0534-73741
AHR Gilt Edg.Fd. | £12.55 | 12.60 | .... | 12.11

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) | 120.0 | 124.0 | .... | 8.06
Next dealing July 23
Gov't Secs. Tst. | 92.5 | 96.0 | .... | 13.02
Next dealing July 23.
East &Intl.Tst (C.I.) | 101 | 108 | .... | 3.47
Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney
US$1 Shares | $US1.48 | .... | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income | 109.52 | 110.08 | | 8.40
Prices at July 11. Next sub day July 18.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund | US$59.25 | 61.07 | +0.34 | 8.09

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund | 86.1 | 91.4 | .... | 5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey 0534 73741
Overseas Income | 46.0 | 48.4 | .... | 12.70
Unidollar Trust | $US11.67 | 12.27 | ... | 1.66
Unibond Trust | $US98.64 | 99.53 | ... | 9.00
1, Thomas St., Douglas, Isle o. Man. 0624 4856
Unicorn Aust. Ext. | 41.5 | 44.7 | ... | 2.00
Do. Aust. Min. | 31.2 | 33.6 | .... | 1.80
Do. Grtr. Pacific | 66.3 | 71.3 | ... | —
Do. Intl. Income | 36.1 | 38.9 | ... | 9.00
Do. Isle of Man Tst. | 45.4 | 48.9 | ... | 9.20
Do Manx Mutual | 26.5 | 28.5 | ... | 1.80

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC *July 2 | US$38.54 | 40.98 | ... | —
CANRHO **July 2 | £0.875 | 0.928 | ... | —
COUNT **July 2 | £2.658 | 2.819 | ... | 1.86
Originally issued at *$10 and **£1. Next val. Aug. 6.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280
BNAUT Inc. June 27 | $US2.82 | 2.98 | ... | —
BNASF June 28 | 100.0 | 107.08 | .... | —

Bridge Management Ltd.
GPO Box 590, Hong Kong
N'bashi June 30 | Y16,560 | .... | —
Nippon Fd. July 18 | US$16.15 | 16.87 | -0.07 | 0.95

Britannia Tst. Mngmt. (C.I.) Ltd.
30 Bath St., St. Helier, Jersey. 0534 73114
Sterling Denominated Fds.
Growth Invest. | 37.7 | 40.8 | .... | 4.50
Far East & Int. Fd. | 72.6 | 78.5 | .... | 1.00
Jersey Energy Tst. | 170.6 | 184.4 | .... | 1.50
Univsl. $ Tst. Stg. | £2.34 | 2.46 | ... | 1.00
High Int. Stlg. Tst. | £0.93 | 0.96 | .... | 12.50
U.S. Dollar Denominated Fds.
Univsl. $ Tst. | US$6.25 | 6.58 | .... | —
Int. High Int. Tst. | US$0.97 | 1.00 | .... | 9.0
Value July 13. Next dealing July 23.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777
Stlg. Bd. Fd. (b) | £10.46 | 10.49 | +0.03 | 12.21

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda.
Buttress Equity | $US2.92 | 3.02 | .... | 1.60
Buttress Income | $US2.11 | 2.18 | ... | 8.74
Prices at July . Next sub. day Aug. 6

Capital International S.A.
37 rue Notre-Dame, Luxembourg.
Capital Int. Fund. | $US16.56 | .... | —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Adiropa | DM30.21 | 31.72 | +0.23 | 4.82
Adiverba | DM48.29 | 50.70 | +0.30 | 4.58
Fondak | DM30.53 | 32.06 | +0.27 | 5.18
Fondis | 20.52 | 21.55 | +0.11 | 5.38
Emperor Fund | $3.79 | 3.94 | .... | —
Hispano | US$43.04 | 45.21 | .... | 1.63

Clive Investments (Jersey) Ltd.
P.O. Box 320, St. Helier, Jersey 0534 27311
Clive Gilt Fd. (C.I.) | 10.57 | 10.59 | +0.09 | 11.33
Clive Gilt Fd. (Jsy.) | 10.57 | 10.59 | +0.08 | 11.33

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 189.0 | 205.5 | ... | —

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa | DM36.00 | 37.90 | +0.30 | —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv July 10 | US$2.16 | 2.27 | .... | —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra | DM18.30 | 19.50 | ... | —
Int. Rentenfonds | DM63.60 | 65.60 | ... | —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas
NAV July 9 | US$18.96 | 20.17 | ... | —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex | Fr1,308 | 1,438 | ... | 2.40
Bondselex | 115.95 | 121.65 | -1.1 | 2.40
Central Assets | £148.01 | 148.07 | -0.12 | —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) | 9.44 | 9.49 | ... | 11.75
Gilt Trust (I.o.M.) | 107.4 | 110.3 | ... | 11.75
Gilt Fnd. Guernsey | 10.01 | 10.05 | +0.17 | 11.75
Intl. Govt. Secs. Tst.
First Sterling | £21.63 | 21.77 | ... | —
First Intl. | US$236.59 | 237.47 | ... | —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest | LF1,126 | | +2 | 4.26
Guernsey Inc. | 65.4 | 69.5 | ... | 4.82
Do. Accum | 83.2 | 88.3 | ... | 4.82
KB Far East Fd. | US$13.27 | | | 2.25
KB Gilt Fund | £10.90 | 10.96 | +0.03 | 11.74
KB Int. Bd. Fd. Inc. | 101.23 | | — | 8.20
KB Int. Bd. Fd. Acc | 106.67 | | — |
KB Intl. Fund | $US12.67 | | ... | 2.21
KB Japan Fund | US$30.34 | | ... | 0.98
K.B. U.S. Gwth Fd | US$13.77 | | ... | 1.45
Signet Bermuda | $US5.28 | | .... | 1.89

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas | 51.0 | 53.6 | .... | 3.10
Next dealing August 15
Lloyds Trust Gilt | £10.17 | 10.18 | +0.03 | 11.75
Next dealing July 25

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth | SF334.50 | 358.0 | -5.50 | 1.30
Lloyds Int. Income | SF292.50 | 303.5 | -1.0 | 5.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic July 17 | US$3.63 | 3.98 | | —
Aus. Ex. July 18 | US$3.00 | 3.37 | +0.11 | —
Gold Ex Acc. | US$19.96 | 22.17 | +1.42 | —
Island | 139.2 | 148.1 | +1.1 | 4.01
(Accum Units) | 202.7 | 215.7 | +1.7 | 4.01

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey 0534 36281
Midland Drayton Gilt. | 101.5 | 102.0 | -0.1 | 11.56

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fed. July 10 | SF44.20 | 48.00 | .... | 2.90
Japfest July 14 | HK$12.92 | 13.99 | | 0.91
117 Group July 11 | $US11.39 | 12.44 | | 2.25
117 Jersy July 11 | £5.07 | 5.49 | +0.02 | 0.76
117 Jsy. O's July 4 | £6.62 | 6.97 | ... | —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. | US$31.83 | ... | —
*Murray Fund | US$12.64 | ... | —
*NAV July 15

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36261
High Income Fund | 49.5 | 51.0 | . | —
Equity Fund | 49.0 | 51.0 | .... | —

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV July 13 | $US12.18 | ... | —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV June 22 | £4.14 | .... | —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV July 18 | US$10.36 | +0.06 | —

Phoenix International
PO Box 77, St. Peter Port, Guernsey
Inter-Dollar Fund | US$2.45 | 2.64 | | —
Far East Fund | US$1.95 | 2.10 | | —
Intl. Currency Fund | US$1.39 | 1.50 | | —
Dollar Fxd. Int. Fund | US$1.63 | 1.75 | ... | —
Ster. Exempt Gilt Fd. | £1.16 | 1.25 | | —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. | 50.6 | 53.2 | -0.2 | —
Sterling Equity Fd. | 50.2 | 52.8 | .. | —
Intnl. Bond Fd. | $US0.95 | 1.00 | | —
Intnl. Equity Fd. | $US0.95 | 1.00 | .. | —
Prices at July 17. Next dealing July 25.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. | 92.9 | 98.4 | +1.4 | 12.20
Quest Intl. Secs. | $0.934 | 1.005 | -0.011 | 2.99
Quest Intl. Bd. | $0.988 | 1.046 | +0.030 | 8.60
Prices on July 18. Next dealing July 25.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust | 155.6 | 159.3 | +0.3 | —
Do. Diamond Bd. | 97.6 | 102.6 | ... | —
Do. Em Income Bd. | 130.2 | 137.2 | -1.5 | 13.77
Midway Deposit Bd | 99.25 | 100.26 | .... | 12.75
Carrillon C.G.T. Bd | 60.0 | 63.2 | .... | —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. Eq. Fr. June 29 | 56.6 | 60.0 | | 2.92
O.C. Inc. Fd. July 2 | 144.3 | 152.9 | | 8.02
O.C. Intl. Fd.† | $US1.37 | 1.45 | | 1.21
OCSm Co. May 31 | 181.0 | 192.5 | | 2.62
O.C. Commodity* | 150.1 | 159.1 | | 7.13
O.C. Dir. Comdty.† | $US35.32 | 37.57 | | 0.85
O.C. Sterling Fd.** | £10.454 | | -0.004 | —
*Prices on June 17. Next dealing July 31.
†Prices on July 9. Next dealing July 23.
**Daily Dealings

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. | US$9.83 | 10.04 | +0.04 | —
Prices on July 18. Next dealing July 24.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	94⅝	Treasury 3pc '79‡‡	98	+1/32	3.05	[illegible]
98½	95⅝	Electric 4¼pc '74-79	98¼	+1/32	4.32	[illegible]
100¼	54⅝	Treasury 10½pc '79‡‡	99⅛	......	10.59	[illegible]
97½	94½	Electric 3½pc '76-79	97⅛	......	3.60	[illegible]
99	95⅝	Treasury 9pc 1980‡‡	97 9/16	......	9.22	[illegible]
99	95	Treasury 9½pc '80‡‡	97½	......	9.74	[illegible]
97	92¾	Treasury 3½pc '77-80	95	......	3.68	[illegible]
97⅛	92⅞	Funding 5¼pc '78-80‡‡	96	......	5.47	[illegible]
103⅝	99	Exchequer 13pc 1980‡‡	100⅝	+⅛	12.91	[illegible]
102⅛	96	Treasury 11½pc 1981‡‡	99½	+⅛	11.57	[illegible]
93¾	88⅞	Treasury 3½pc 1979-81	93⅝xd	......	3.73	[illegible]
99	92	Treasury 9¾pc 1981‡‡	96¾	+⅛	10.07	[illegible]
96¾	89½	Exch. 8¼pc 1981	94½	+⅛	8.74	[illegible]
98	91¼	Exch. 9½pc 1981	96xd	+⅛	9.89	[illegible]
91½	84¼	Exch. 3pc 1981	90¼xd	......	3.32	[illegible]
98	96	Treas. Variable '81§§	97	+1/16	14.17	[illegible]
104	97	Exch. 12¾pc 1981‡‡	101⅝	+¼	12.57	[illegible]
96⅞	88	Treas. 8½pc '80-82‡‡	93⅝	+3/16	9.07	[illegible]
89½	82	Treasury 3pc '82‡‡	88¼xd	......	3.39	[illegible]
108⅛	100⅛	Treasury 14pc '82‡‡	103⅞	+⅛	13.47	[illegible]
97¼	94⅝	Treas. Variable '82§§	96¼	......	14.38	[illegible]
95¼	85⅝	Treasury 8¼pc '82	91⅞	+3/16	8.97	[illegible]
97¼	86½	Exch. 9¼pc 1982	92½	+3/16	10.00	[illegible]
95⅞	84⅝	Exch. 8¾pc 1983	92	+3/16	9.51	[illegible]
86⅛	77¼	Exch 3pc '83	82⅝xd	+⅛	3.64	[illegible]
104⅝	93⅛	Treasury 12pc 1983‡‡	99	+⅛	12.11	[illegible]
104	93⅛	Treas. 12pc '83 A‡‡	98	+⅛	12.15	[illegible]
95	95½	Treas. Variable '83§§	94¼	......	14.69	[illegible]
97¼	84½	Treasury 9¼pc '83	92¼	+¼	10.02	[illegible]
98¼	85½	Exch. 10pc 1983	93	+3/16	10.75	[illegible]
89½	78¾	Funding 5½pc '82-84‡‡	86	......	6.39	[illegible]
—	—	Exch. 3pc 1984●	£77	......	3.90	[illegible]

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅝	97¼	Treasury 12pc 1984	99¾	+½	12.16	[illegible]
110	93¾	Exch. 12¼pc 1985	101⅛	+½	12.35	[illegible]
95	80	Treasury 8½pc '84-86‡‡	89½	+½	9.55	[illegible]
112½	97¾	Exch. 13¼pc 1987	103⅝xd	+½	12.77	[illegible]
84½	72½	Funding 6½pc '85-87‡‡	81⅝	+½	8.10	[illegible]
89	73½	Treasury 7¾pc '85-88‡‡	82⅝xd	+½	9.36	[illegible]
70½	58⅜	Transport 3pc '78-88	65¼	+½	4.60	[illegible]
73	61⅛	Treasury 5pc '86-89	70¼	+½	7.19	[illegible]
113	93¾	Treasury 13pc 1990‡‡	104¾	+1½	12.42	[illegible]
99¼	72¾	Treasury 8¼ 87-90‡‡	82½	+⅝	10.07	[illegible]
106½	86¼	Treasury 11¾pc 1991	97¼	+1⅛	12.11	[illegible]
72	60⅜	Funding 5¾pc '87-91‡‡	70⅜	+½	8.36	[illegible]

Over Fifteen Years

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
109	86¼	Exch. 12pc 1998	100¼	+1¼	12.21	[illegible]
85	71¼	Treasury 9½pc 1999‡‡	82⅝	+⅞	11.51	[illegible]
106½	96	Exch. 12¼pc 1999	102⅝	+1⅛	12.31	[illegible]
45	39	Ex. 12¼pc '99 A (£40pd)	44⅛	+½	12.32	[illegible]
97	77	Treasury 10½pc 1999	89⅞	+1	11.91	[illegible]
107	84½	Exch. 12pc '99-02	98⅝xd	+1¼	12.18	[illegible]
119	99	Treas. 13¾pc 2000-03	109¾xd	+1¼	12.50	[illegible]
104	90¼	Treasury 11½pc '01-04	96¼	+1¼	12.17	[illegible]
42½	32½	Funding 3½pc '99-04	40¼	+½	8.70	[illegible]
111	88⅛	Treasury 12½pc '03-05	104	+1¼	12.25	[illegible]
75	62	Treasury 8pc '02-06‡‡	73¼	+⅞	11.27	[illegible]
54	41½	Treasury 5½pc '08-12‡‡	52⅝	+⅞	10.85	[illegible]
73⅝	57⅛	Treasury 7¾pc '12-15‡‡	68¼xd	+⅞	11.33	[illegible]
109¾	85¾	Exch. 12pc '13-'17	101⅛	+1⅛	12.01	[illegible]

Undated

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
36	28½	Consols 4pc	33¾xd	+½	11.80	—
35½	28	War Loan 3½pc‡‡	34¼	+⅝	10.21	—
38⅝	33½	Conv. 3½pc '61 Aft.	38⅝	+½	9.31	—
26⅝	22¼	Treasury 3pc 66 Aft.	26⅝	+¼	11.64	—
23½	19½	Consols 2½pc	23¼	+¼	10.80	—
22¼	18⅝	Treasury 2½pc	22¼	+¼	11.62	—

INTERNATIONAL BANK

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
85	80	5pc Stock '77-82	83¾	......	6.00	11.60

CORPORATION LOANS

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
96½	89½	Birm'ham 9¾pc '79-81	94	+¼	9.84	[illegible]
92¾	85½	Bristol 7¾pc '79-81	90¾	+¼	8.59	[illegible]
103½	95¼	G.L.C. 12½pc '82	100	+½	12.50	[illegible]
104¼	93½	Do. 12½pc 1983	99¾	+¾	12.53	[illegible]
95	86	Glasgow 9¼pc '80-82	91	+¼	10.17	[illegible]
95	90¼	Herts. 5½pc '78-80	94½	+⅛	5.56	[illegible]
98	86	Liverpool 9¾pc '80-84	90½	+¼	10.77	[illegible]
30	24¼	Do. 3½pc Irred.	27¼	+¼	13.13	—
87¼	79	Lon.Cp.6½pc '80-82	86¼xd	+¼	7.53	[illegible]
93½	83	Do. 9½pc '84-85	91	+¼	10.47	[illegible]
90	82½	L.C.C. 5½pc '77-81	87¼	+¼	6.28	[illegible]
87	72	Do. 5½pc '82-84	81xd	+½	6.80	[illegible]
74½	62¼	Do. 5½pc '85-87	71	+¾	7.61	[illegible]
71	59¼	Do 6¾pc '88-90	70½	+1¼	9.59	[illegible]
26	20½	Do. 3pc '20 Aft.	24½	+¼	12.63	—
95	91	Middx. 5¼pc 1980	95¼	......	5.51	[illegible]
99	93	Newcastle 9¼pc '78-80	96	......	9.63	[illegible]
101	97¼	Warwick 12½% 1980	99½	+¼	12.56	[illegible]

COMMONWEALTH & AFRICAN LOANS

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
98⅝	93½	Aust. 5½pc '77-80	97¼	+⅛	5.67	[illegible]
86¼	81¼	Do. 5½pc '81-82	86¼	+½	6.46	[illegible]
98	92¾	N.Z. 6pc '76-80	98⅝	+⅛	6.23	[illegible]
84	74½	Do. 7½pc '83-86	80¼	+½	9.42	[illegible]
93½	84¼	Sth. Africa 9½pc '79-81	93½	+1½	10.39	[illegible]
89	43	Sth. Rhod. 2½pc '65-70	89	+2	—	—
125	81	Do. 6pc '78-81	124	+1	—	—

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103¼	98¼	FFI 13pc 1981	100¼	+¼	12.97	12.77
107	100	Do. 14pc '79	101	......	14.24	—
108¼	98¼	Do. 14pc '83	103¼	+¼	13.56	12.99
86½	77½	ICFC 5½pc Deb. '80-82	85	+½	6.63	12.40
85	71½	Do. 6¼pc Db. '81-84	79	+½	8.04	12.10
99	84½	Do. 10½pc Uns.Ln. '86	91½	......	11.47	12.40
99	84½	Do. 11pc Uns.Ln. '88	92½	......	11.89	12.30
101½	84	Do. 11¾pc Uns.Ln. '90	95	+½	12.45	12.70
72½	57	Do. 7¼pc A Deb. '89-92	66½	+½	11.11	12.70
69	53½	Do. 7¼pc A Db. '91-94	66½	+½	11.35	12.70
81½	64½	Do. 9pc 'A' '91-94	78	+½	12.03	12.80
78½	62½	Do. 8¾pc Ln. '92-97	72xd	......	12.15	12.80
101	95½	Do. 12½pc Uns. Ln. 1992	100	......	12.93	13.10

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AMERICANS

S.E. List Premium 7¾% (based on US$2.2035 per £)
Conversion factor 0.9294 (0.8997)

CANADIANS

S.E. List Premium 7¾% (based on 2.6636 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Grs	P/E
41	29	Corinthian 10p	33	+1	1.05	5.9	4.5	3.8
£24¾	£17	Cred. France F75	£17	–¼	Q9.67%	—	3.8	—
16	13	Dawes (G. R.)	13	......	—	—	—	—
£121	£70	Deutsche Bank DM50	£71	–½	Q18%	—	3.3	—
90	63	F. C. Finance	68	+3	2.2	4.9	4.6	6.3
8¼	5¼	First Nat. 10p	6¼	......	—	—	—	0.5
4	2	Do. Wrrts. 75-83	2½	......	—	—	—	—
16¼	13¼	Fraser Ans. 10p	13½	......	—	—	—	—
266	178	Gerrard Natnl.	262	+6	9.12	—	5.0	—
62	39	Gibbs (A.)	47	+1	2.2	—	6.7	—
270	217	Gillett Bros. £1	258	+1	16.95	—	9.4	—
29	19	Goode D't Mry.5p	21	......	0.25	—	1.7	—
153	115	Grindlays	116	+1	3.07	7.5	3.8	3.6
120	94	Guinness Peat	95	+1	H5.67	—	8.5	—
330	173	Hambros	312	+2	10.92	—	5.0	—

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Hire Purchase, etc.

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	14	......	—	—	—
171	102	Bougainville 50 Toea	106	−3	Q15c	1.0	7.2
140	84	BH South 50c	92	......	—	—	—
860	340	Central Pacific	770	......	—	—	—
318	180	Conzinc Riotinto 50c.	180	−4	NQ10c	2.0	2.9
36	16	Cultus Pacific N.L.	19	−1	—	—	—
21½	11	Endeavour 20c	14	......	—	—	—
98	62	G.M. Kalgoorlie $1.	87	......	Z03c	—	1.8
42	23	Haoma Gold N.L.	28	......	—	—	—
210	148	Hampton Areas 5p.	210	+7	3.5	ϕ	2.4
71½	25	Metals Ex. 50c	37	−3	—	—	—
275	168	M.I.M. Hldgs. 50c	175	−3	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	34	Mount Lyell 25c	34	−3	—	—	—
44	14	Newmetal 20c	14	−1	—	—	—
141	91	North B. Hill50c	95	−2	†Q8c	1.3	4.3
22	11	Nth. Kalgurli	15	+½	—	—	—
40	22	Nth. West Mining	24	−1	—	—	—
137	84	Oakbridge SA1	84	−3	Q12c	1.9	7.5
37	22	Oilmin N. L.	32	......	—	—	—
120	58	Pacific Copper	68	+6	—	—	—
£10¾	625	Pancont'l 25c	775	−25	—	—	—
25¾	15½	Paringa M&Ex.5p	20½	+½	—	—	—
510	265	Peko-Wallsend 50c.	300	−10	Q15c	3.3	2.6
340	145	Southern Pacific	310	+10	—	—	—
16	12	West Coast 25c	13	......	—	—	—
188	121	Westn. Mining 50c.	135	−5	†Q3c	0.7	1.1
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c.	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	26	+1	2.81	1.3	15.4
435	265	Ayer Hitam $M1	290	−10	Q300c	0.5	22.2
72	51	Beralt Tin	51	......	4.0	3.3	11.2
270	175	Berjuntai $M1	180	......	†Q110c	1.0	15.0
160	125	Geevor	130	+5	8.71	3.1	9.6
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	325	......	†18.0	1.4	7.9
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	†8.0	5.3	13.6
14	9½	Jantar 12½p	11	......	ϕ	—	—
95	58	Kamunting $M0.50	70	−3	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	380	......	†175c	0.7	1.7
57	28	ΔPahang	28	−2	—	—	—
123	60	Pengkalen 10p	105	......	4.5	1.2	6.4
275	195	Petaling $M1	205	−5	†Q120c	1.3	12.6
85	62	Saint Piran	64	+1	†2.03	6.5	4.5
58	45	South Crofty 10p	45	......	†4.19	2.0	13.3
230	170	South Kinta $M0.50	189	−5	†Q145c	0.6	17.3
405	285	Sthn Malayan $M1	340	−5	†Q190c	1.0	12.0
310	210	Sungei Besi $M1	260	−5	Q520c	ϕ	57.0
75	45	Supreme Corp. $M1	45	......	Z010c	—	4.8
105	94	Tanjong 15p	95	......	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	68	−2	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	62	......	—	—	—
13½	10	Burma Mines 17½p	11½	......	—	—	—
345	170	Cons. Murch. 10c.	290	+10	Z030c	—	5.3
410	320	Northgate C$1	320	−15	—	—	—
362	226	R.T.Z.	268	......	11.5	2.7	6.1
31	18	Robert Mines	27	−1	—	—	—
65	34	Sabina Inds. C$1	35	......	—	—	—
880	562	Tara Exptn. $1	562	−13	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15⅞	+⅛	Q200c	ϕ	15.2
$15½	890c	East Drie R1	$13⅝	+⅛	†Q115c	1.6	10.2
$10¾	350c	East Rand Prp. R1	$10¾	+¼	†Q10c	—	1.1
$27⅝	$18¼	F.S. Geduld 50c	$27⅝	+⅝	†Q315c	2.4	13.8
$19⅝	$11⅛	Pres. Brand 50c	$19⅝	+⅝	†Q150c	3.2	9.3
$18⅛	$10¼	St. Helena R1	$17½	+¼	†Q190c	1.4	13.1
760c	407c	Stilfontein 50c	755c	+15	†Q66c	ϕ	10.6
$35¼	$18¼	Vaal Reefs 50c	$35	+¼	Q280c	2.7	9.7
$50¼	$26¾	West Drie R1	$48½	+1	Q615c	1.7	15.3
$36½	$22¼	West Hldgs. 50c	$36½	+½	†Q415c	1.4	13.8
$18½	$10⅛	Western Deep R2	$18½	+¼	Q147½c	2.1	9.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	......	**IRISH**		
Bdg'wtr. Est. 50p	410	+5	Conv. 9% '80/82	£86¾	−⅛
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅜	+⅛
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£93⅞	......
Dyson (R. A.) A	25	......	Alliance Gas	70	+18
Ellis & McHay	180	......	Arnott	350	......
Fife Forge	54	......	Carroll (P.J.)	98	......
Finlay Pkg. 5p	20	......	Clondalkin	62	......
Graig Ship. £1	310xd	......	Concrete Prods.	87	......
Higsons Brew.	73	......	Heiton (Hldgs.)	75	......
Holt (Jos) 25p	260	......	Ins. Corp.	210	......
I.O.M. Stm. £1	168	......	Irish Ropes	80	......
Pearce (C. H.)	250	......	Jacob	38	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrsmt.	95	......	Unidare	83	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	*Property*	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lofs"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	*Oils*	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	16		
G.U.S. 'A'	30	Spears	5½	*Mines*	
Guardian	24	Spillers	4½		
G.K.N.	28	Tesco	7	Charter Cons.	16
Hawker Sidd.	26	Thorn	35	Cons. Gold	20
House of Fraser	18	Trust Houses	17	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday July 19 1979

U.S. awaits Carter shuffle

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WASHINGTON was rife with speculation yesterday over which members of President Carter's Cabinet and senior White House staff would survive after they had tendered a collective offer of resignation late on Tuesday.

The White House has let it be known that the foreign policy triad of Mr. Cyrus Vance, Secretary of State, Dr. Harold Brown, Secretary of Defence, and Dr. Zbigniew Brzezinski, National Security Adviser, would not be changed.

But a huge cloud hung over the head of Mr. Michael Blumenthal, Secretary of the Treasury and the Administration's chief economic architect. It had been thought, when Mr. Carter named him principal economic spokesman only two months ago, that he had won his running war with key White House advisers. The illness of Mr. Charles Schultze, chairman of the Council of Economic Advisers, had seemed to make Mr. Blumenal even more indispensible.

But his name was repeatedly mentioned in Washington yesterday as a primary candidate *for either firing or reassignment*, along with those of Mr. Joseph Califamo, Secretary of Health, Education and Welfare, and one or two others.

It seemed obvious that Mr. Carter was playing an extremely risky political game. If he does not, in the end, perform radical surgery on his Government, he will be accused of engaging in a mindless public relations exercise; yet it is not easy to find quality Cabinet-level replacements at this late stage in an Administration, especially one whose political survival is by no means assured.

To the extent that anybody was willing to comment at all on the unprecedented mass resignation offer, it was suggested that senior Government officials had acted as they did in a gesture of support for Mr. Carter as he draws up an entirely different strategy to reinforce the new image he wishes to convey as a strong, decisive head of state.

His confidence in this new role, which stands in such contrast to the diffident and reflective demeanour that characterised his first 30 months in office, may have been strengthened by one public opinion poll released yesterday, the judgment of which was diametrically opposed to that handed down by both the foreign exchange markets and Wall Street, where share prices fell appreciably.

The New York Times-CBS News canvass registered an 11-point jump to 37 per cent in Mr. Carter's approval rating after his extraordinary Sunday night television speech. Seventy-seven per cent agreed with his analysis that a moral and spiritual crisis grips the nation, while more than a third accepted that the energy crisis was real, up from the meagre quarter in the previous poll.

It appears that it was the President, using his political adviser, Mr. Hamilton Jordan, as an instrument, who invited the Cabinet and top White House staff to offer to resign. Some Ministers, Mr. Vance and Mr. Brown reportedly among them, demurred on the grounds that such action was unnecessary, but others, including Attorney-General Griffin Bell, backed up the request.

DOLLAR SLIPS FURTHER

IN THE wake of President Carter's speech and the predicted Cabinet changes, the dollar remained generally weak throughout yesterday in spite of widespread and large central bank intervention, notably by the Bundesbank and the Swiss National Bank.

The U.S. currency fell to DM 1.7990 before closing at DM 1.8070 compared with DM 1.8125 on Tuesday.

The dollar's trade-weighted index, as calculated by the Bank of England, fell a further 0.3 points to 83.6 for a decline of 1.2 per cent so far this week.

The weakness of the dollar affected the bullion market where the price of gold moved above $300 an ounce for the first time. The price closed $3½ up at $301¾ after touching $304.

Sweeping Health Service proposals

BY PAUL TAYLOR

WIDE-RANGING proposals for changes in the National Health Service, including a simpler administrative structure, a 15-year hospital building programme, and the abolition of health service charges, were made a in Royal Commission report published yesterday.

Immediate reaction to the *report of the* Royal Commission on the National Health Service, was predictably mixed. It was greeted coolly by Mr. Patrick Jenkin, Social Services Secretary, enthusiastically by Labour front-bench spokesmen and with "disappointment" by the British Medical Association, which originally asked for the independent inquiry.

The commission has spent three years examining ways to improve the use of the £8.1bn spent annually on the service in the UK. Its major proposals *include the abolition of one tier* in the administrative structure, devolution of powers from the Department of Health and Social Security, and changes in internal financing arrangements.

Alongside controversial proposals for ending prescription and other health service charges, the commission takes a non-committal attitude towards *private medicine and rejects* suggestions that the service's funding basis should be switched from taxation to insurance.

Sir Alec Merrison, commission chairman, said yesterday that the measures suggested represented "reform not revolution." The service was perhaps not "the envy of the world," but it provided "very good value for money." Sir Alec said it was not possible to put a precise cost on the measures suggested, but the report talks of a "substantial" net cost if all the recommendations were implemented.

The cost of the proposals was highlighted by Mr. Jenkins in a Commons statement. Mr. Jenkins promised "a careful study" of the proposals and said the Government would publish its own proposals on the major issues of structure and management in the autumn.

But he restated the Government's commitment to encourage private medicine, saying he did not share the commission's view that the NHS should be financed wholly through taxation.

Local government changes, Page 6: Challenge facing NHS, Page 8: Parliament, Page 9; Editorial comment, Page 22

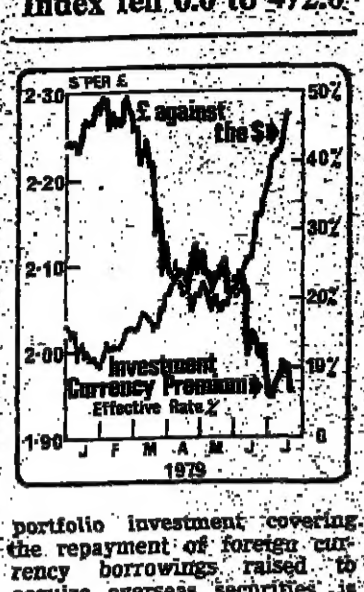
THE LEX COLUMN

No sudden rush for the exit

The exchange control relaxations which were announced yesterday would have been unthinkable only a few months ago. But in the light of sterling's current performance on the foreign exchange markets, the changes do not seem dramatic. The official line is that they represent just another step in the progressive dismantling of exchange barriers. But what we now know is that one step can follow another very rapidly if circumstances dictate it—it is only five weeks since the Budget changes.

Although sterling wobbled for a moment when the announcement was made, there is certainly going to be no rush for the exit this morning. The biggest concessions concern portfolio investment—but not in an area which has traditionally been very high on the average fund managers' shopping list.

Index fell 6.0 to 472.0



Official rate

The securities of EEC countries, which from now on will be traded at the official exchange rate, have never had the same attractions for UK investors as Wall Street, the Far East and gold shares. Investment trusts, for instance, have only about 2 per cent of their portfolio in continental Europe. And although the premium is being removed, controls are not. As before, official permission (however much of a formality) will still be required for transactions, and it will not be possible to hold pools of foreign currency liquidity with which to play the markets freely. The obvious dodge — of buying shares in a European fund that invests outside the EEC—has been firmly ruled out.

Another disincentive is that some of the Continental markets are looking a little vulnerable, including that of Paris which was the best performing major market in the second quarter of the year. Germany may be more alluring, particularly the bond market where in D-mark terms very attractive returns are available. But everything rests on the currency risk. These days it seems more important to get the currency right than it is to buy the right stocks.

Investors who want exposure to the dollar can now get it quite freely through the bonds of a number of international organisations which may all be purchased at the official rate.

The third main concession on portfolio investment covering the repayment of foreign currency borrowings raised to acquire overseas securities, is not as exciting as at first may appear. First, it will only be possible to repay at official rates borrowings which have been outstanding for at least a year—new loans will be subject to the old rules. Secondly, the securities which have been financed by loans which have been repaid at the official rate will not be eligible for the premium when resold. Instead they will be classed as restricted securities—the one attraction being that they may be freely switched into other foreign currency securities, which then in turn become "restricted."

There may well be demand for EEC securities from funds which anticipated the relaxation of controls by selling their cum-premium holdings and which are as a result underweight in overseas securities. The short term outlook for the dollar premium itself is not clear cut. The size of the pool has been shrunk, but the demands on it may not have been, since investors who have been keeping out of U.S. stocks for fear of the premium's total demise now have some rethinking to do. Longer term, however, the writing on the wall is becoming ever more distinct.

The latest relaxation in controls on direct outward investment is not going to make much difference to the way that successful companies conduct their business. Most will still want to match overseas investments with local currency finance in order to protect their profit and loss account. However the position of the UK company wishing to acquire businesses overseas could be improved in two important ways. The risks of failure are significantly reduced, in that until now an overseas business which was entirely financed by debt and which made losses might have had to be refinanced with investment currency. And there is now nothing to stop a UK company using its paper to buy overseas assets—apart, that is, from the reluctance of continental investors to hold UK equities and the daunting requirements of the U.S. Securities and Exchange Commission.

Union Discount

In contrast to the disappointing statement from Alexanders Discount earlier this week, Union Discount's interim statement is rather encouraging. Whereas Alexanders appears to have lost money in the first six months of 1979, Union (the City's biggest discount house) made profits and the shares rose 10p to 380p last night, where they yield 8.6 per cent.

After the initial rise in Minimum Lending Rate in February, Union started to make money as rates tumbled shortly afterwards. On the eve of the Budget it was virtually out of the gilt edged market and so was not caught completely off guard by the jump in MLR to 14 per cent. Union reckons that a tight monetary policy means high interest rates and does not subscribe to the school of thought that thinks MLR will fall very shortly. Indeed, if bank lending does not soon start to abate, there is an outside chance that rates could rise further.

So far Union Discount has not noted any slowdown in the demand for credit and this seems to have been borne out at yesterday's July make-up day for the banks. Notwithstanding the release of special deposits last week, the buoyancy of bank lending has ben such that some *of the big banks are apparantly* more constrained by the Corset than ever. Today's money supply figures for the June banking month are likely to underline the continued strength of bank lending and as this seems to have carried over into the July banking month, it will not be until mid-September that there will be any chance of a slowdown appearing. Against this background Union's pessimism about interest rates makes a lot of sense.

Thatcher queries microchip aid

BY MAX WILKINSON

THE £125M Government support *scheme for the manufacture* and application of micro-electronics is to be further revised on the orders of the Prime Minister and could be severely pruned.

Mrs. Thatcher's intervention follows a series of talks between Sir Keith Joseph, Industry Secretary, and Industry Department officials about how the support schemes should be curtailed.

Draft proposals for reducing, but not completely ending the schemes, were drawn up and shown to Mrs. Thatcher but she has called for more detailed justification of the expected benefits, and, probably, further cuts.

Two schemes, a £70m micro-electronics industry support scheme (MISP) for manufacturers and a £55m micro-electronics applications programme (MAP), are involved.

The Industry Department's efforts to expand the training of engineers in the use of micro-processors appear to have been relatively successful, however. The number of places on training courses has risen from 2,000 in 1978 to 5,300 this year and is expected to reach 21,000 by 1981. The Government may agree to further expansion.

But direct support to industry has come under less favourable scrutiny. The Government is not sympathetic to the general principle of State aid.

Also, the effectiveness of the department's methods of spreading aid thinly across an industrial sector is being closely questioned.

Even if the support schemes were completely stopped, some money has already been allocated to industrial projects and this would have to be paid.

The largest scheme for a new micro-electronics factory to be run as a joint venture by General Electric and Fairchild of California. Support of £7m has already been promised towards this venture and other schemes in the pipeline might account for £25m or more.

● John Elliott writes: Ministers have approved plans for the National Enterprise Board to be allowed to continue with a role in encouraging high technology projects and small companies, in addition to looking after "lame ducks."

The plan has also been approved by the Prime Minister and may be announced today if the text of a Parliamentary announcement is finalised in time. Otherwise it will be delayed until next week.

Strict guidelines will be laid down, saying what the NEB can and cannot do, and the need for it to work in partnership with the private sector will be stressed.

Microchip laboratory opens, Page 7

World airlines' fuel bill up 82%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S MAJOR scheduled airlines, meeting in Geneva to consider a new round of fare rises, have been told their total fuel bill in the current financial year will jump by 82 per cent.

As a result of successive oil price rises so far this year, their estimated world-wide fuel bill for 1979-80 is $7.37bn (£3.25bn)—an increase of $3.32bn (£1.46bn) on an original estimate of $4.05bn.

Part of this increase, about $1bn, has already been recovered by fare rises of between 4 and 7 per cent from last April, leaving a gap of about $2.32bn still to be made up. Passengers will clearly have to pay more.

The figures were presented to 64 airlines attending a special fares-fixing session earlier this week by the International Air Transport Association.

It is already clear to the airlines that even with fare rises of between 10 and 15 per cent they would be unlikely to recoup the shortfall of $2.32bn. But they dare not seek bigger increases at this stage for fear of driving away traffic or upsetting their governments.

They are aware of the danger of further oil price rises between now and the end of this year. Agreement on fare rises at this meeting does not rule out the possibility of yet another round of fare increases this year. The average seems likely to be 10 to 15 per cent.

Unconfirmed reports suggest that the fares on the North Atlantic are likely to rise by 10 per cent or more, but that in some less developed air transport regions of the world, such as the Pacific and South-East Asia, the rises may well be smaller.

Russia to freeze oil exports, Page 5

British Shipbuilders lose £45m

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS lost about £45m last year, roughly in line with Government financial estimates for the period.

The figure for the year ended April, 1979, compares with a pre-tax loss of £108m for the *corporation's first nine months* of trading to April, 1978.

British Shipbuilders' 1978-79 accounts are due to be presented later this month following a statement on shipbuilding policy by the Government, probably early next week.

The knowledge that British Shipbuilders has halved its losses will reduce pressure on ministers to take a tough line with the corporation in that statement, although they have been warned that losses are likely to increase this year.

When last year's figures are published, they will show that the group's shiprepair interests created the most severe drain on resources.

Together, the four shiprepair centres of Falmouth, Tyneside, River Thames and Southampton are understood to have caused about half the corporation's total *losses*, compared with a *trading loss last year of* £9.9m.

Falmouth Shiprepair has been virtually closed down as a result of these trends and the workforce of River Thames Shiprepairers is in the process of being reduced by almost half.

The Tyne Shiprepair Group made a loss of about £8m last year, in spite of improved turnover. Mr. R. A. B. Butler, the group's chief executive, announced last week that he would be leaving British Shipbuilders in August.

British Shipbuilders' accounts this year will show figures for individual companies following strong protests in the Commons last year that the Corporation was concealing the true picture.

Figures from the merchant shipbuilding yards will show a considerable improvement, some of which can be explained by the generous provisions made *in last year's accounts for future* losses on contracts in hand.

Last year's trading deficit of £104m included a provision of £49.4m against such losses. Several of the contracts in question *have been* executed this year without the anticipated level of losses.

The picture has also been improved by better financial returns from the corporation's warship builders.

This improving financial trend is unlikely to be maintained this year, when income from ships delivered will start to fall in many yards because of this thinness of the order-book.

GKN planning second parts plant in U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN DETROIT

GUEST KEEN and Nettlefolds, Britain's biggest engineering group, is to spend about $80m (£35m) to set up a second motor components plant in the U.S.

This move comes only 18 months after the group went ahead with $42m plans for its first U.S. plant. Both factories will provide components for the new generation of small American cars, making constant velocity joints (CVJ), the key components in the transmission of power from engines to the wheels of front-wheel drive cars.

GKN dominates this business. With its licensees, it supplies over 95 per cent of world demand.

Economy

In the past, only one in 100 new U.S. cars has been front-wheel drive.

But GKN expects the total to reach more than half by 1985 as U.S. manufacturers struggle to produce vehicles with greater fuel economy.

Sir Barrie Heath, GKN's chairman, has said that constant velocity joints are potentially the most important single profit earner in the group's entire range of activities.

GKN's first CVJ factory in the U.S. is being built at Sanford, North Carolina, and will come on stream next February. Its output of CVJ sets for 400,000 cars a year will go entirely to Ford of North America.

Capacity

The second plant will be built at Alamance County, about 50 miles from Sanford. It will probably come on stream in mid-1981, depending on demand, and have the capacity to provide CVJs for 800,000 cars a year.

The Alamance County factory will make constant velocity joints for a number of customers, besides Ford. Between them, the factories will have a turnover of well over $100m a year.

Dr. Philip Vrzal, chief executive officer of GKN Automotive Components Inc., said yesterday that the group would need at least one more CVJ factory in the U.S. to keep up with expected demand.

Continued from Page 1

Exchange controls eased

long-term impact on capital flows of the relaxation of controls so far announced. This is partly because they have been in place for so long—40 years—and because outward investment, especially in shares, will be heavily influenced by exchange rate expectations.

The changes announced yesterday are not intended as a final stage of relaxation. The timing of further moves will depend both on the response to the dismantling so far and on the state of external confidence.

The official preference is still for caution and the mechanism of controls has been kept so that formal applications still have to be made to invest abroad. *This is partly because* the authorities no doubt want to retain a framework of controls in case of a weakening of external confidence as in 1976.

The main remaining controls are on portfolio investment outside the EEC and on the financing of third country trade by the banks. The latter had been allowed up to 1976.

Last night, Mr. John Nott, the Trade Secretary, said: "Especially in present circumstances we should be careful not to *subject ourselves to the* potential size and volatility of financial flows which might result from the completely free use of sterling for third country trade by banks."

The decisions to limit the relaxation of portfolio controls to EEC securities is partly influenced by the gradualist approach. It also reflects an obvious political desire for the *UK Government* to appear to be acting as good members of the community in fulfilling commitments on freeing capital controls in the Treaty of Accession.

The Government has closed one obvious loophole by announcing that the relaxations do not apply to purchases of unit and investment trusts in EEC countries.

This is to ensure that UK institutions are not at an unfair disadvantage and that UK residents *cannot effectively* channel money through the EEC without paying the dollar premium in order to buy U.S. stocks.

The moves on portfolio investment are, however, the first significant step in this area and represent a change of official attitudes towards the purchase of overseas securities. It is thus probable that the Government *will not want to discriminate* permanently between investment in EEC and other securities now that the principle of greater freedom has been established.

Continued from Page 1

OECD spells out dangers

whole, unemployment is expected to rise from just over 17m at the beginning of this year to between 18m and 19m *halfway through 1980*; this is nearly 6 per cent of the member-countries' labour force.

The OECD countries must not allow the real price of oil to weaken, as happened after 1973-74, since this would send misleading signals to both users and domestic producers.

It was in this way that four or five potentially valuable *years were wasted, with the* result that the member-States' economies are inadequately prepared to withstand a relatively modest shortfall in the energy supply.

Weather

UK TODAY

RATHER CLOUDY with some *bright or sunny intervals* and showers especially in the North and West.

London, South England, E. Anglia, the Midlands
Rather cloudy with some bright periods. Max. 20C (68F).

Channel Isles, S.W. England, Wales
Rather cloudy with bright intervals and moderate to fresh winds. Max. 18C (64F).

N.W. England, Lakes, Isle of Man, S. W. Scotland, Ulster
Cloudy with scattered showers and bright intervals. Max. 16C (61F).

North England, E. Scotland
Cloudy with bright periods. Wind N.W., moderate to fresh. Max. 17C (63F).

Highlands, North Scotland, Orkney
Cloudy with scattered showers and fresh to strong winds. Max. 15C (59F).

Outlook: Showers and bright intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Plms.	F	23	73
Algiers	S	30	86	Lisbon	C	20	68
Amsdm.	R	17	63	Locarno	S	26	79
Athens	F	32	90	London	C	21	70
Bahrain	S	35	95	Luxmbg.	F	23	73
Barclna.	S	28	82	Madrid	S	32	90
Beirut	S	28	82	Majorca	S	32	90
Belfast	C	14	57	Malaga	F	26	79
Belgrd.	F	23	73	Malta	S	31	88
Berlin	C	18	64	M'chstr.	C	15	59
Biarritz	S	26	79	Melbne.	C	10	50
Bmgham	C	18	64	Milan	F	28	82
Blackpl.	R	14	57	Montreal	C	20	68
Bordx.	S	28	82	Munich	F	23	73
Boulgn.	C	17	63	Nairobi	S	21	69
Bristol	C	19	66	Naples	S	28	82
Brussels	C	19	66	Nwcstl.	F	16	61
Budpst.	C	21	70	N. York	R	22	72
B. Aires	C	12	53	Nice	S	25	77
Cairo	S	32	90	Nicosia	S	28	82
Cardiff	C	17	63	Oporto	C	18	64
Cas'b'ca	C	23	73	Oslo	R	15	59
Cape T.	S	18	61	Paris	F	23	73
Chicago	S	22	72	Perth	C	12	54
Cologne	S	24	75	Prague	S	20	68
Cpnhgn.	C	15	59	Reykjvk.	R	8	46
Corfu	S	29	84	Rhodes	S	29	84
Dublin	C	16	61	Rio J'o	S	26	79
Dbrvnk.	S	26	79	Rome	S	29	84
Ednbgh.	C	16	61	Salzbrg.	F	24	75
Faro	S	25	77	Singapr.	S	30	86
Florence	S	30	86	Stckhm.	F	21	70
Frankft.	C	25	77	Strasbg.	S	27	81
Funchal	F	22	72	Sydney	C	19	66
Geneva	S	25	77	Tangier	C	23	73
Gibrltr.	F	25	77	Tehran	S	33	92
Glasgow	C	14	57	Tel Aviv	S	28	82
G'rnsey	C	16	61	Tenerife	C	29	84
Helsinki	F	18	64	Tokyo	R	20	68
H. Kong	S	32	90	Toronto	S	21	70
Innsbrk.	S	25	77	Tunis	S	27	81
Invrnss	C	14	57	Valencia	S	29	84
I. o Man	C	14	57	Venice	S	26	79
Istanbul	S	27	81	Vienna	C	22	72
Jersey	C	15	59	Warsaw	F	20	68
Jo'burg	S	19	66	Zurich	S	25	77

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